MARYLAND NEIGHBORHOOD CONSERVATION CONSORTIUM

NSP2 FUNDING APPLICATION

APPLICATION # 261111230

SUBMITTED BY:

THE MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

INTRODUCTION

The State of Maryland's Department of Housing and Community Development (DHCD) and its partner agencies have formed the Maryland Neighborhood Conservation Consortium (the Maryland Consortium) and are requesting NSP2 funding in the amount of **$36,000,000**, which will be leveraged with over $17 million in State, local and private resources to carry out activities that will result in 375 units of affordable housing in areas that have been heavily impacted by foreclosures. The targeted neighborhoods in the Maryland Consortium NSP2 application are those neighborhoods that were also the focus of Maryland's NSP1 resources plus one additional Baltimore City neighborhood. *These resources are critical to assisting neighborhoods and households that might otherwise by passed over by the economic benefits expected in Maryland from major expansion of military bases as a result of decision by the Base Re-Alignment and Closure (BRAC) Commission*.

It is the intent of the Maryland Consortium to target resources in such a way as to achieve the following outcomes, consistent with the outcomes sought by HUD for NSP2:

- Arrest decline in home values based on average sales price in target neighborhoods
- Reduce or eliminate vacant and abandoned residential property in target neighborhoods
- Increase sales of residential property in targeted neighborhoods
- Increase median market values of real estate in targeted neighborhoods

This is a market-based approach through which Consortium partners – across the Central Maryland region -- will utilize revitalization strategies that make the most sense based on the unique "economy" of their individual neighborhood level census tracts. Relatedly, partners are committed to mixed-income approaches that give the lowest income households access to affordable rental housing opportunities in the stronger targeted neighborhoods, as well as provide opportunities for homeownership to moderate-income households in some of the weaker neighborhoods in order to better stabilize these areas.

In addition, just as ARRA resources are being deployed through existing federal programs such as CDBG, the Maryland Consortium members are deploying NSP1 resources and propose to deploy NSP2 resources efficiently and effectively through existing locally-based and proven affordable housing programs. The resources requested through this proposal will administered as the Maryland Neighborhood Conservation Program which was established with NSP1 funding and which required local partners to identify specific target neighborhoods for investment and comprehensive revitalization. *This is the first time in Maryland that State and local partners have mutually designated specific residential areas for comprehensive public and private investment.* Therefore, NSP resources are an important catalyst to long-term partnerships between local, private and State stakeholders committed to revitalizing areas that have been hardest hit by the nation's foreclosure crisis.

DHCD's partner agencies in this effort are:

- Anne Arundel Community Development Services (ACDS)
- Baltimore County Office of Community Conservation (OCC)

- Frederick County Department of Housing and Community Development (Frederick DHCD)
- Harford County Department of Community Services (Harford CDCS),
- Howard County Housing Commission (Howard CHC),
- Montgomery County Department of Housing and Community Affairs (DHCA)
- The Reinvestment Fund Development Partners (TRF DP) in Baltimore City.

This eight member Consortium, headed by Maryland DHCD, represents a partnership of agencies that have long and extensive track records of successfully implementing housing and community development projects at the local level as well as managing and administering programs at state-wide and county levels. These communities are already partnering with DHCD in the State's BRAC Plan, and are also partners in DHCD's affordable housing preservation and green housing efforts through MacArthur Foundation funding of $4,500,000 recently awarded to the Department after a lengthy national competition. These funds will be targeted to BRAC jurisdictions to preserve 9,000 units of affordable rental housing and encourage green building and energy efficiency in BRAC impacted communities over the next 10 years.

Maryland DHCD received NSP1 funds totaling $ 26,704,050. Each of the six county agencies in the Consortium received an allocation from the State's NSP1 program, as did Baltimore City. Several counties in the Consortium received their own, direct allocation of NSP1 funding as well. At the same time, DHCD retained some of the NSP1 funding in order to further its mission of providing low-income housing and revitalizing communities.

The anticipated outcome of this grant is to help create healthy, sustainable communities in jurisdictions that, in addition to having high foreclosures, are communities that are in the State's Priority Funding Areas (PFAs) and are also will be impacted by BRAC. The State's PFAs are communities in designated Smart Growth areas and are the top priority areas for State funding for revitalization efforts. BRAC will bring a substantial number of new jobs to Maryland, including over 10,000 direct jobs and 30,000 indirect jobs (the full BRAC Plan is available at www.mdhousing.org/BRAC/), and these jobs, leveraged with NSP II funding, State and local funding, and other resources will promote neighborhood stabilization activities that incorporate energy efficiency, green building standards, increased access to public transit, and sustainable affordability.

The activities proposed in this application are designed to enhance and strengthen neighborhood planning and reinvestment strategies that are underway in the targeted census tracts due to affects of foreclosure and the related decline in real estate values. As of May 2009, Maryland ranked 17^{th} in the nation with respect to foreclosure.

Maryland continues to experience growth in population, a phenomenon that will continue with the BRAC process, which is expanded on below. While this growth is an asset, it is offset by the increasing gap in the supply of affordable workforce housing located near primary transit routes in neighborhoods that are able to sustain a mixture of incomes, and where the housing market is driven by the needs of the community. It is projected that more than 4,000 BRAC-induced households with incomes of less than $60,000 will need access to affordable housing.

The Maryland NSP2 project will be administered by the State's CDBG program staff. CDBG staff members are well versed in and committed to assuring that CDBG's distinctive requirements are held in compliance. Additionally, the State's CDBG staff has established an infrastructure that is unique to the management and administration of the Neighborhood Stabilization Program. The following is a brief summary of activities to be carried out by the Maryland Consortium. All of the targeted neighborhoods are located in jurisdictions that will be impacted by BRAC.

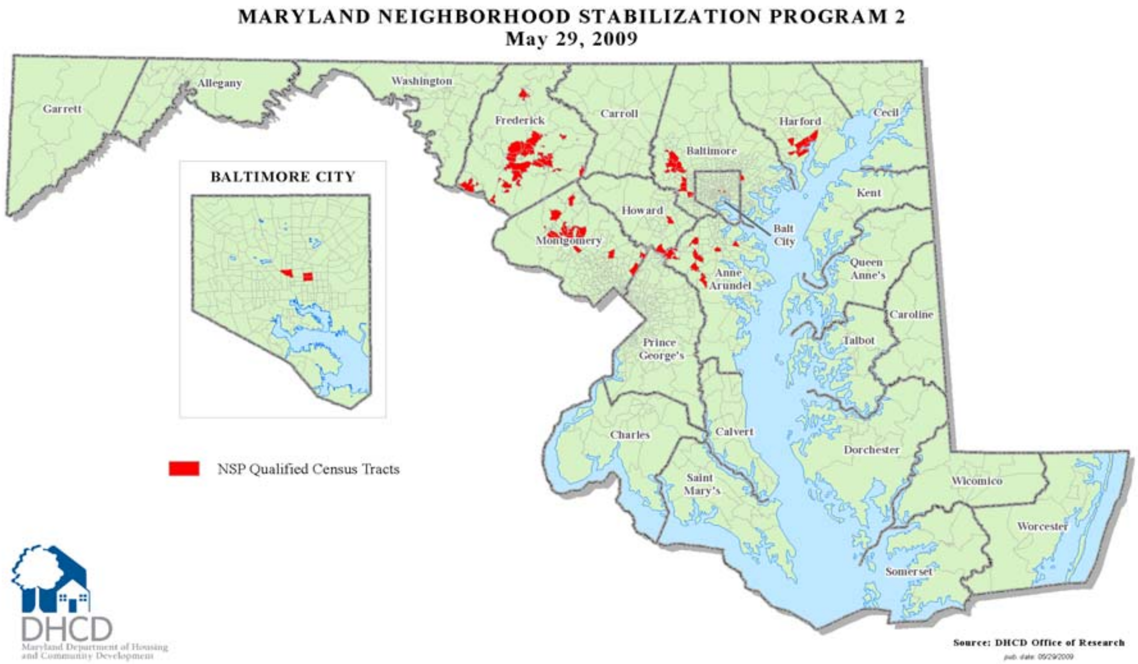
FACTOR 1 – NEED/EXTENT OF PROBLEM

Rating Factor 1a. Target Geography

The target geography for the State of Maryland's application for NSP2 funds are the census tracts in Anne Arundel, Baltimore, Frederick, Harford, Howard, and Montgomery Counties and Baltimore City shown below and discussed in greater detail below. These neighborhoods have experienced the highest rates of foreclosure in their jurisdictions and have also been the focus of NSP1 and other local funding for homeownership and neighborhood stabilization. NSP2 resources are critical to partner efforts to arrest further decline as additional "waves" of foreclosure occur due to the economy and increase resets of so-called "Option ARMs".

The census tracks we are focusing on 1) meet HUD's requirement of a foreclosure score of at least 18 out of 20 points 2) are in the State's Priority Funding Areas so are the top priorities for the State's revitalization efforts 3) are on commuter rail lines (see Map 2 below), coordinating our efforts with transit and 4) are in jurisdictions that will be heavily impacted by the BRAC process and will face a substantial influx of new households and jobs which will promote the long term sustainability of the targeted communities in conjunction with the State's BRAC Plan and efforts. However, as stated before, since these neighborhoods are less healthy than others in their jurisdictions, investment is needed in order to attract new residents.

Jurisdiction	Targeted NSP2 Census Tracts			
Anne Arundel County	24003740301			
Baltimore City	24510080700	24510080800	24510120500	
Baltimore County	24005401101	24005401301	24005401501	24005402303
	24005402401	24005402504	24005402506	24005402507
	24005402603	24005402604	24005404100	24005440400
Frederick County	24021751700	24021752000	24021753000	24021750700
	24021751200	24021751400	24021751900	24021752300
	24021752400	24021750501	24021750502	24021750800
	24021751000			
Harford County	24025301202	24025301203	2402530601	24025301602
	24025302902	24025301701	24025301103	24025301702
	24025301401			
Howard County	24027606605	24027606903		
Montgomery County	24031700306	24031700609	24031700808	24031700809
	24031700815			
Maryland DHCD	All of the above			



Rating Factor 1b. Market Conditions and Demand Factors

The Office of Research of the Maryland Department of Housing and Community Development (DHCD) constructed a database of socio-economic variables that describes the housing market conditions and demand factors in communities across Maryland at the census tract level. Exhibit 1 below shows the correlation of market conditions to a housing market rebound:

EXHIBIT 1: MARKET CONDITION VARIABLES

Variable	Description	Correlation with Housing Market Rebound
Household Growth	Household growth projections (2010-2012)	Positive
Months' Supply of Homes	Average months' supply of homes for sale (April 2009)	Negative
Foreclosures	Number of foreclosed Properties (April 2009)	Negative
Abandoned Properties	Number of Abandoned Properties (Q1_2009)	Negative
Unemployment Rate	Unemployment rate (2008)	Negative
Unemployment Rate Growth	Unemployment Rate Growth (2007-2008)	Negative
Median Home Sales Price Decline	Decline in Median Home Sales Price (April 2008-April 2009)	Negative
Median Household Income	Median Household Income (2008)	Positive
Families Earning below $50,000/Year	Share of Households earning less than $50,000 (2008)	Negative
Housing Cost Burden	Share of homeownership costs in household income (April 2009)	Negative

Source: DHCD, Office of Research

Exhibit 1 shows that areas with relatively high median incomes and an increasing number of households are best positioned to recover from economic conditions of foreclosure. BRAC will result in an increase in households in the targeted census tracts, including many higher income jobs that also positively relate to community recovery. At the same time, BRAC jobs will drive down the factors negatively related to revitalizing communities, including reducing the month's supply, and lowering the unemployment rate.

Exhibit 2 below shows market data and demand factors for each of the jurisdictions in the Maryland Consortium. The first part of the table, "Foreclosure and Housing Market Conditions" shows market data for the targeted census tracts in the Maryland Consortium application. It begins with the number of new households expected to be formed by 2012 in the targeted tracts; followed by the demand for owner-occupied units; the month's supply of homes (how long it would take to sell homes currently on the market). This is followed by information on abandoned and foreclosed homes, and the net supply of housing in the targeted tracts. The next two sections look at economic variables affecting demand, including unemployment and price depreciation, and the last section looks at income, which has a positive correlation as to whether a market will improve or not, as higher income areas are more likely to recover economically than lower income ones:

EXHIBIT 2: HOUSING MARKET CONDITIONS AND DEMAND FACTORS IN MARYLAND COMMUNITIES

Indicator	Anne Arundel	Baltimore	Baltimore City	Frederick	Harford	Howard	Montgomery
Foreclosures and Housing Market Characteristics							
Household Growth (2010-12)[1]	93	491	30	2,591	465	341	393
Demand: Owner Household Growth	60	333	8	1,898	342	194	288
Months' Supply of Homes for Sale (April 2009)[2]	7.0	9.0	20.2	7.4	12.3	4.9	5.0
Foreclosures (May 2009)[3]	81	583	20	881	285	144	453
All Vacant Homes [4]	45	234	920	436	153	68	117
Abandoned Properties (Q1_2009)[4]	37	127	879	258	65	47	69
Supply: Foreclosed plus Abandoned Properties	118	710	899	1,139	350	191	522
Net Supply of Properties	58	376	890	-758	8	-3	234
Economic Variables Affecting Housing Demand							
Unemployment Rate (2008)[5]	4.0%	4.4%	6.6%	3.7%	4.1%	3.2%	3.3%
Unemployment Change (2007-08)[5]	0.9%	0.9%	1.1%	0.7%	0.8%	0.5%	0.5%
Median Home Sales Price (April 2009)[2]	$329,471	$215,392	$112,255	$246,462	$185,400	$303,000	$265,494
Median Home Sales Price Change (2008-2009)[2]	-7.1%	-14.1%	-32.0%	-13.2%	-14.5%	-4.2%	-20.2%
Household Income Characteristics							
Percent of Households Earning Below $50K[6]	6.0%	14.8%	41.9%	10.7%	9.8%	6.2%	7.1%
Median Household Income (2008)[6]	$100,264	$74,481	$34,410	$85,741	$83,595	$109,130	$104,531
Housing Cost Burden (50% of AMI)[7]	56.4%	50.2%	69.7%	47.6%	39.2%	49.2%	45.2%
Housing Cost Burden (80% of AMI)[7]	35.2%	31.4%	43.6%	29.8%	24.5%	30.7%	28.2%
Housing Cost Burden (120% of AMI)[7]	23.5%	20.9%	29.0%	19.8%	16.4%	20.5%	18.8%

Sources:
1. Maryland Department of Planning
2. Metropolitan Regional Information Systems, Inc.
3. McDash Analytics
4. U.S. Postal Service
5. HUD
6. ESRI Community Profiles
7. DHCD, Office of Research and ACS

From Exhibit 2, it is clear that the targeted census tracts in the Maryland Consortium application are relatively healthy and have a strong chance for recovery since they have strong positive correlations related to recovery – generally high incomes and projected household growth. In addition, the factors that negatively relate to community revitalization, except for foreclosures and abandoned homes, are generally low, including lower than average unemployment rates, lower than average price depreciations.

Household growth during the next three years (2010-2012), as shown in the ***Foreclosure and Housing Market Characteristics*** data will help absorb some of the foreclosed or abandoned properties in the areas under the Maryland Consortium. Data for household growth are obtained from the Maryland Department of Planning projections that include the impact of BRAC on household formation in Maryland communities. To arrive at the projections of demand for homeownership, the household formation data was adjusted by the homeownership rate corresponding to each census tract. Months' supply of homes for sale is estimated using April 2009 data from Maryland Regional Information Systems (MRIS) multiple listing database. The number of foreclosed properties is obtained from the May 2009 mortgage loan foreclosure and delinquency data supplied by McDash Analytics, a national provider of mortgage loan data. Finally, the number of abandoned properties is based of the U.S. Postal Service (USPS) database of vacant properties for the first quarter of 2009. We have defined abandoned properties as those that have been vacant for over six months.

Economic Variables Affecting Housing Demand. The magnitude and the growth in unemployment rates are positively correlated with the rise in foreclosures. Simply put, higher unemployment means more foreclosures. The data on unemployment rates across various census tracts in Maryland was obtained from the HUD's NSP web site. The median home sales price as well as the change in home prices was obtained from MRIS and represent April 2009 data. The higher the drop in home prices the higher the likelihood of foreclosures as the affected families who face mortgage loan reset try to refinance in light of their negative equity status.

The higher the median income, the greater the economic base and the stability of a community. Data for median household income in 2008 are obtained from the DHCD's GIS demographics database, based on Environmental Systems Research Institute (ESRI) community profiles. Share of the households earning less than $50,000 a year also are obtained from our ESRI community profiles. This share is positively correlated with the need for additional NSP funding as it represents the concentration of families that earn less than 80 percent of the State median income. Finally, housing cost burden, defined as the share of homeownership costs in household income, are estimated for households earning 50 percent, 80 percent, and 120 percent of the area median income levels. Housing cost burden is estimated by DHCD using data obtained from the MRIS for April 2009, and the American Community Survey data (2007) of the U.S. Bureau of the Census.

Detailed Data: In preparing its analysis of the market, demand, and the chances for communities to recover, DHCD compiled the data at the census tract level. Exhibits 3, 4, and 5 show the market data down to the census tract level so that we could determine which areas to target as part of our NSP2 activities. Following these tables is an analysis of market conditions, economic conditions, and household income conditions in each jurisdiction in the Maryland Consortium:

EXHIBIT 3: HOUSING MARKET PROJECTIONS IN MARYLAND COMMUNITIES BY NSP2 TARGETED CENSUS TRACT

Tract	County	Household Growth	Homeowner Household Growth	Months' Supply of Homes	Foreclosures	All Vacant Homes	Abandoned Homes	Foreclosures Plus Abandoned	Net Supply
24003740301	Anne Arundel	93	60	7	81	45	37	118	58
24005401101	Baltimore	39	27	11	63	56	32	95	68
24005401301	Baltimore	24	20	11	38	11	4	42	22
24005401501	Baltimore	58	27	7	32	18	6	38	11
24005402303	Baltimore	40	27	7	25	31	19	44	16
24005402401	Baltimore	47	14	7	42	13	9	51	37
24005402504	Baltimore	23	18	8	13	10	6	19	1
24005402506	Baltimore	23	20	11	33	4	4	37	16
24005402507	Baltimore	80	45	9	94	3	3	97	52
24005402603	Baltimore	33	30	11	82	3	3	85	55
24005402604	Baltimore	34	33	9	48	13	3	51	18
24005404100	Baltimore	55	40	9	91	12	12	103	63
24005440400	Baltimore	35	31	9	23	60	26	49	18
24021750501	Frederick	225	85	6	116	33	33	149	64
24021750502	Frederick	182	111	6	77	134	68	145	34
24021750700	Frederick	182	106	6	56	72	23	79	-28
24021750800	Frederick	275	182	7	112	28	25	137	-45
24021751000	Frederick	303	206	6	97	39	16	113	-93
24021751200	Frederick	202	171	6	73	7	1	74	-97
24021751400	Frederick	166	138	6	53	1	1	54	-84
24021751700	Frederick	180	156	7	72	0	0	72	-84
24021751900	Frederick	213	197	8	30	0	0	30	-167
24021752000	Frederick	196	187	8	16	0	0	16	-171
24021752300	Frederick	142	120	6	105	1	1	106	-13
24021752400	Frederick	160	119	12	31	79	54	85	-35
24021753000	Frederick	165	120	10	45	42	36	81	-39
24025301203	Harford	105	89	10	48	0	0	48	-41
24025301302	Harford	105	53	11	85	93	31	116	64
24025301602	Harford	83	71	11	42	60	34	76	5
24025301701	Harford	99	77	10	51	0	0	51	-25
24025301702	Harford	73	54	20	59	0	0	59	5
24027606605	Howard	169	98	5	59	41	20	79	-19
24027606903	Howard	172	96	5	84	27	27	111	15
24031700306	Montgomery	61	54	6	103	25	9	112	59
24031700609	Montgomery	102	69	3	52	40	24	76	7
24031700808	Montgomery	82	52	5	85	24	21	106	54
24031700809	Montgomery	84	61	5	69	5	2	71	10
24031700815	Montgomery	64	52	6	144	23	13	157	104
24510080700	Baltimore City	7	3	15	9	408	382	391	389
24510080800	Baltimore City	12	4	15	3	319	309	312	308
24510120500	Baltimore City	11	2	31	7	193	188	195	194

Source: DHCD, Office of Research

EXHIBIT 4
ECONOMIC VARIABLES AFFECTING HOUSING DEMAND IN MARYLAND COMMUNITIES
BY NSP2 TARGETED CENSUS TRACT

Tract	County	Unemployment Rate		Median Home Sales Price	
		Rate	Change	Price	Change
24003740301	Anne Arundel	4.0%	0.9%	$310,750	-7.2%
24005401101	Baltimore	4.4%	0.9%	$153,550	-16.5%
24005401301	Baltimore	4.4%	0.9%	$153,550	-16.5%
24005401501	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402303	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402401	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402504	Baltimore	4.4%	0.9%	$490,000	5.0%
24005402506	Baltimore	4.4%	0.9%	$187,500	-23.5%
24005402507	Baltimore	4.4%	0.9%	$245,300	0.1%
24005402603	Baltimore	4.4%	0.9%	$187,500	-23.5%
24005402604	Baltimore	4.4%	0.9%	$245,000	-11.7%
24005404100	Baltimore	4.4%	0.9%	$245,300	0.1%
24005440400	Baltimore	4.4%	0.9%	$137,000	-14.3%
24021750501	Frederick	3.9%	0.7%	$230,000	-11.5%
24021750502	Frederick	3.9%	0.7%	$190,000	-24.0%
24021750700	Frederick	3.9%	0.7%	$230,000	-11.5%
24021750800	Frederick	3.8%	0.7%	$220,000	-13.7%
24021751000	Frederick	3.6%	0.7%	$190,000	-24.0%
24021751200	Frederick	3.7%	0.7%	$230,000	-11.5%
24021751400	Frederick	3.6%	0.7%	$212,000	-22.9%
24021751700	Frederick	3.6%	0.7%	$220,000	-13.7%
24021751900	Frederick	3.6%	0.7%	$387,500	-21.1%
24021752000	Frederick	3.6%	0.7%	$342,000	-10.6%
24021752300	Frederick	3.6%	0.7%	$190,000	-24.0%
24021752400	Frederick	3.6%	0.7%	$278,000	24.0%
24021753000	Frederick	3.6%	0.7%	$284,500	-7.3%
24025301203	Harford	4.1%	0.8%	$235,000	-11.6%
24025301302	Harford	4.1%	0.8%	$135,000	-12.9%
24025301602	Harford	4.1%	0.8%	$135,000	-12.9%
24025301701	Harford	4.1%	0.8%	$235,000	-11.6%
24025301702	Harford	4.1%	0.8%	$187,000	-23.7%
24027606605	Howard	3.2%	0.5%	$316,000	-4.2%
24027606903	Howard	3.2%	0.5%	$290,000	-4.1%
24031700306	Montgomery	3.3%	0.5%	$239,900	-17.3%
24031700609	Montgomery	3.3%	0.5%	$425,000	-27.4%
24031700808	Montgomery	3.3%	0.5%	$316,803	-17.7%
24031700809	Montgomery	3.3%	0.5%	$316,803	-17.7%
24031700815	Montgomery	3.3%	0.5%	$239,900	-17.3%
24510080700	Baltimore City	6.6%	1.1%	$50,000	-50.0%
24510080800	Baltimore City	6.6%	1.1%	$50,000	-50.0%
24510120500	Baltimore City	6.6%	1.1%	$236,766	4.1%

Source: DHCD, Office of Research

Exhibit 5: Household Income Characteristics in Maryland Communities By NSP2 Targeted Census Tract

Tract	County	Percent of Households Below $50K	Median Household Income	Housing Cost Burden		
				50% of AMI	80% of AMI	120% of AMI
24003740301	Anne Arundel	6.0%	$102,622	51.9%	32.4%	21.6%
24005401101	Baltimore	19.8%	$60,581	44.8%	28.0%	18.7%
24005401301	Baltimore	19.8%	$60,581	44.8%	28.0%	18.7%
24005401501	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402303	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402401	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402504	Baltimore	8.2%	$112,727	76.9%	48.1%	32.0%
24005402506	Baltimore	12.9%	$79,108	41.9%	26.2%	17.5%
24005402507	Baltimore	9.5%	$87,365	49.7%	31.1%	20.7%
24005402603	Baltimore	12.9%	$79,108	41.9%	26.2%	17.5%
24005402604	Baltimore	14.0%	$78,896	54.9%	34.3%	22.9%
24005404100	Baltimore	9.5%	$87,365	49.7%	31.1%	20.7%
24005440400	Baltimore	26.6%	$52,268	51.0%	31.9%	21.2%
24021750501	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021750502	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021750700	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021750800	Frederick	14.2%	$79,970	45.7%	28.5%	19.0%
24021751000	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021751200	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021751400	Frederick	6.8%	$89,380	39.4%	24.6%	16.4%
24021751700	Frederick	14.2%	$79,970	45.7%	28.5%	19.0%
24021751900	Frederick	9.5%	$97,353	66.1%	41.3%	27.5%
24021752000	Frederick	5.0%	$113,202	50.1%	31.3%	20.9%
24021752300	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021752400	Frederick	10.0%	$76,676	60.2%	37.6%	25.1%
24021753000	Frederick	12.8%	$76,902	61.4%	38.4%	25.6%
24025301203	Harford	6.9%	$94,064	44.8%	28.0%	18.7%
24025301302	Harford	15.6%	$69,435	34.9%	21.8%	14.5%
24025301602	Harford	15.6%	$69,435	34.9%	21.8%	14.5%
24025301701	Harford	6.9%	$94,064	44.8%	28.0%	18.7%
24025301702	Harford	4.1%	$90,977	36.9%	23.0%	15.4%
24027606605	Howard	7.8%	$107,951	51.8%	32.4%	21.6%
24027606903	Howard	4.6%	$110,308	46.5%	29.1%	19.4%
24031700306	Montgomery	5.4%	$99,516	42.4%	26.5%	17.7%
24031700609	Montgomery	6.2%	$124,654	60.0%	37.5%	25.0%
24031700808	Montgomery	5.7%	$117,741	47.4%	29.6%	19.7%
24031700809	Montgomery	5.7%	$117,741	47.4%	29.6%	19.7%
24031700815	Montgomery	5.4%	$99,516	42.4%	26.5%	17.7%
24510080700	Baltimore City	38.1%	$36,879	26.4%	16.5%	11.0%
24510080800	Baltimore City	38.1%	$36,879	26.4%	16.5%	11.0%
24510120500	Baltimore City	49.5%	$29,473	156.3%	97.7%	65.1%

Source: DHCD, Office of Research

ANNE ARUNDEL COUNTY PROFILE

According to the Maryland Department of Planning, the Anne Arundel County community included in this application is projected to add an estimated 93 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 60 households will be seeking homeownership opportunities. Given the current inventory of seven months' supply of homes for sale, the targeted real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the targeted community totaled 81 units in May 2009. Data from the USPS show that the area had a total of 37 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 118 units. Therefore, household formation in the selected Anne Arundel County community during the next three years may help absorb a total of 60 housing units, leaving an estimated 58 foreclosed and abandoned properties still in the market. In order to address these properties, Anne Arundel County will focus on acquisition and rehabilitation of affordable workforce housing.

The Anne Arundel County community included in this application recorded an average unemployment rate of 4.0 percent in 2008, representing a growth of 0.9 percent from 2007. The April median home sales price in this community declined by 7.2 percent from last year. According to our ESRI GIS profiles, an estimated six percent of the households in the community earned less than $50,000 a year. This, together with a median household income of $102,622, indicates that the communities included in this application are relatively affluent and stable. However, with a median home sales price of $310,750 families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 51.9 percent, 32.4 percent, and 21.6 percent of their incomes to cover homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Anne Arundel County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	631
Demand: Owner Household Growth	462
Months' Supply of Homes for Sale (April 2009)	8
Foreclosures (May 2009)	406
All Vacant Homes	113
Abandoned Properties (Q1_2009)	82
Supply: Foreclosed plus Abandoned Properties	488
Net Supply of Properties	25
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.00%
Unemployment Change (2007-08)	0.90%
Median Home Sales Price (April 2009)	$329,471
Median Home Sales Price Change (2008-2009)	-7.10%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	6.00%

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Anne Arundel County Communities

Median Household Income (2008)	$100,264
Housing Cost Burden (50% of AMI)	56.40%
Housing Cost Burden (80% of AMI)	35.20%
Housing Cost Burden (120% of AMI)	23.50%

BALTIMORE COUNTY PROFILE

According to the Maryland Department of Planning, the Baltimore County communities included in this application are projected to add an estimated 491 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 333 households will be seeking homeownership opportunities. Given the current inventory of nine months' supply of homes for sale, the county's real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the county communities totaled 583 units in May 2009. Data from the USPS show that the county had a total 127 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 710 units. Therefore, the household formation in selected Baltimore County communities during the next three years may help absorb a total of 333 housing units, leaving an estimated 376 foreclosed and abandoned properties still in the market. In order to address these units, Baltimore County will provide deferred loans to eligible homebuyers for acquisition and rehabilitation of vacant and foreclosed properties in the twelve targeted census tracts.

The Baltimore County communities included in this application recorded an average unemployment rate of 4.4 percent in 2008, representing a growth of 0.9 percent from 2007. The April median home sales price in these communities declined by 14.1 percent from last year. According to our ESRI GIS profiles, an estimated 14.8 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $74,481, indicates that the communities that are included in this application are relatively stable. However, with a median home sales price of $215,392, families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 50.2 percent, 31.4 percent, and 20.9 percent of their incomes, respectively to cover homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Baltimore County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	491
Demand: Owner Household Growth	333
Months' Supply of Homes for Sale (April 2009)	9.0
Foreclosures (May 2009)	583
All Vacant Homes	234
Abandoned Properties (Q1_2009)	127
Supply: Foreclosed plus Abandoned Properties	710

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Baltimore County Communities

Net Supply of Properties	376
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.4%
Unemployment Change (2007-08)	0.9%
Median Home Sales Price (April 2009)	$215,392
Median Home Sales Price Change (2008-2009)	-14.1%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	14.8%
Median Household Income (2008)	$74,481
Housing Cost Burden (50% of AMI)	50.2%
Housing Cost Burden (80% of AMI)	31.4%
Housing Cost Burden (120% of AMI)	20.9%

BALTIMORE CITY PROFILE

According to the Maryland Department of Planning, the Baltimore City communities included in this application are projected to add an estimated 30 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 8 households will be seeking homeownership opportunities. Given the current inventory of 20.2 months' supply of homes for sale, the City's real estate market is significantly burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the City's communities totaled 20 units in May 2009. Data from the USPS show that the communities included in this application had a total 879 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 899 units. Therefore, the household formation in selected Baltimore City communities during the next three years may help absorb a total of 8 housing units, leaving an estimated 890 foreclosed and abandoned properties still in the market. TRF DP will use NSP2 funding for a combination of activities, including acquisition and rehabilitation for resale and rental and to demolish and redevelop properties that will be offered at staggered price points to help revitalize the market in the affected census tracts.

The Baltimore City communities included in this application recorded an average unemployment rate of 6.6 percent in 2008, representing a growth of 1.1 percent from 2007. The April median home sales price in these communities declined by 32 percent from last year. According to our ESRI GIS profiles, an estimated 41.9 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $34,410, indicates that the communities that are included in this application are struggling. With a median home sales price of $112,255, families earning 50 percent, 80 percent, and 120 percent of the median pay an estimated 69.7 percent, 43.6 percent, and 19 percent, respectively of their incomes to cover homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is significantly above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Baltimore City Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	30
Demand: Owner Household Growth	8
Months' Supply of Homes for Sale (April 2009)	20.2
Foreclosures (May 2009)	20
All Vacant Homes	920
Abandoned Properties (Q1_2009)	879
Supply: Foreclosed plus Abandoned Properties	899
Net Supply of Properties	890
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	6.6%
Unemployment Change (2007-08)	1.1%
Median Home Sales Price (April 2009)	$112,255
Median Home Sales Price Change (2008-2009)	-32.0%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	41.9%
Median Household Income (2008)	$34,410
Housing Cost Burden (50% of AMI)	69.7%
Housing Cost Burden (80% of AMI)	43.6%
Housing Cost Burden (120% of AMI)	29.0%

FREDERICK COUNTY PROFILE

According to the Maryland Department of Planning, the Frederick County communities included in this application are projected to add an estimated 2,591 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 1,898 households will be seeking homeownership opportunities. Given the current inventory of 7.4 months' supply of homes for sale, the County's real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 881 units in May 2009. Data from the USPS show that the communities included in this application had a total 258 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 1,139 units. Therefore, the household formation in selected Frederick County communities during the next three years may help absorb all of the foreclosed and abandoned properties in the market. NSP2 funding in Frederick will be used for acquisition and rehabilitation for both sale and rental, as well as downpayment assistance in order to help the targeted communities revitalize more quickly.

The Frederick County communities included in this application recorded an average unemployment rate of 3.7 percent in 2008, representing a growth of 0.7 percent from 2007. The April median home sales price in these communities declined by 13.2 percent from last year. According to our ESRI GIS profiles, an estimated 10.7 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $85,741, indicates that the communities that are included in this application are relatively stable.

With a median home sales price of $246,462, families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 47.6 percent, 29.8 percent, and 19.8 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is significantly above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS in Frederick County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	2,591
Demand: Owner Household Growth	1,898
Months' Supply of Homes for Sale (April 2009)	7.4
Foreclosures (May 2009)	881
All Vacant Homes	436
Abandoned Properties (Q1_2009)	258
Supply: Foreclosed plus Abandoned Properties	1,139
Net Supply of Properties	-758
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.7%
Unemployment Change (2007-08)	0.7%
Median Home Sales Price (April 2009)	$246,462
Median Home Sales Price Change (2008-2009)	-13.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	10.7%
Median Household Income (2008)	$85,741
Housing Cost Burden (50% of AMI)	47.6%
Housing Cost Burden (80% of AMI)	29.8%
Housing Cost Burden (120% of AMI)	19.8%

HARFORD COUNTY PROFILE

According to the Maryland Department of Planning, the Harford County communities included in this application are projected to add an estimated 465 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 342 households will be seeking homeownership opportunities. Given the current inventory of 12.3 months' supply of homes for sale, the County's real estate market is highly burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 285 units in May 2009. Data from the USPS show that the communities included in this application had a total 65 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 350 units. Therefore, the household formation in selected Harford County communities during the next three years may help absorb a total of 342 housing units, leaving an estimated 8 foreclosed and abandoned properties still in the market. Harford County efforts will include downpayment assistance, and acquisition and rehabilitation for families who are low-income to both revitalize communities more quickly and provide housing opportunities to persons who might otherwise be priced out of the market.

The Harford County communities included in this application recorded an average unemployment rate of 4.1 percent in 2008, representing a growth of 0.8 percent from 2007. The April median home sales price in these communities declined by 14.5 percent from last year. According to our ESRI GIS profiles, an estimated 9.8 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $83,595, indicates that the communities that are included in this application are relatively stable. With a median home sales price of $185,400, families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 39.2 percent, 24.5 percent, and 16.4 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Harford County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	465
Demand: Owner Household Growth	342
Months' Supply of Homes for Sale (April 2009)	12.3
Foreclosures (May 2009)	285
All Vacant Homes	153
Abandoned Properties (Q1_2009)	65
Supply: Foreclosed plus Abandoned Properties	350
Net Supply of Properties	8
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.1%
Unemployment Change (2007-08)	0.8%
Median Home Sales Price (April 2009)	$185,400
Median Home Sales Price Change (2008-2009)	-14.5%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	9.8%
Median Household Income (2008)	$83,595
Housing Cost Burden (50% of AMI)	39.2%
Housing Cost Burden (80% of AMI)	24.5%
Housing Cost Burden (120% of AMI)	16.4%

HOWARD COUNTY PROFILE

According to the Maryland Department of Planning, the Howard County communities included in this application are projected to add an estimated 341 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 194 households will be seeking homeownership opportunities. Given the current inventory of 4.9 months' supply of homes for sale, the County's real estate market is showing signs of rebound. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 144 units in May 2009. Data from the USPS show that the communities included in this application had a total 47 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 191 units. Therefore, household formation in the selected Howard County communities during the next three years may help absorb all of the foreclosed and abandoned properties in the market. NSP2 funding in Howard County will be used for acquisition and rehabilitation for resale, as well as downpayment assistance, as well as financial assistance which will help the targeted communities revitalize more quickly.

The Howard County communities included in this application recorded an average unemployment rate of 3.2 percent in 2008, representing a growth of 0.5 percent from 2007. The April median home sales price in these communities declined by 4.2 percent from last year. According to our ESRI GIS profiles, an estimated 6.2 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $109,130, indicates that the communities that are included in this application are very stable.

With a median home sales price of $303,000, families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 49.2 percent, 30.7 percent, and 20.5 percent of their incomes, respectively to cover homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Howard County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	341
Demand: Owner Household Growth	194
Months' Supply of Homes for Sale (April 2009)	4.9
Foreclosures (May 2009)	144
All Vacant Homes	68
Abandoned Properties (Q1_2009)	47
Supply: Foreclosed plus Abandoned Properties	191
Net Supply of Properties	-3
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.2%
Unemployment Change (2007-08)	0.5%
Median Home Sales Price (April 2009)	$303,000
Median Home Sales Price Change (2008-2009)	-4.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	6.2%
Median Household Income (2008)	$109,130
Housing Cost Burden (50% of AMI)	49.2%
Housing Cost Burden (80% of AMI)	30.7%
Housing Cost Burden (120% of AMI)	20.5%

MONTGOMERY COUNTY PROFILE

According to the Maryland Department of Planning, the Montgomery County communities included in this application are projected to add an estimated 393 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 288 households will be seeking homeownership opportunities. Given the current inventory of 5 months' supply of homes for sale, the County's real estate market is showing signs of rebound. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 463 units in May 2009. Data from the USPS show that the communities included in this application had a total of 69 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 522 units. Therefore, household formation in the selected Montgomery County communities during the next three years may help absorb a total of 288 housing units, leaving an estimated 311 foreclosed and abandoned properties still in the market. NSP2 funds in Montgomery County will be used for acquisition and rehabilitation of housing for rental to low-income families to help revitalize the targeted neighborhoods and provide affordable workforce housing.

The Montgomery County communities included in this application recorded an average unemployment rate of 3.3 percent in 2008, representing a growth of 0.5 percent from 2007. The April median home sales price in these communities declined by 20.2 percent from last year. According to our ESRI GIS profiles, an estimated 7.1 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $104,531, indicates that the communities that are included in this application are relatively stable. With a median home sales price of $265,494, families earning 50 percent, 80 percent, and 120 percent of the median income would have to pay an estimated 45.2 percent, 28.2 percent, and 18.8 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is significantly above the affordability threshold of 30 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Montgomery County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	1,415
Demand: Owner Household Growth	1,002
Months' Supply of Homes for Sale (April 2009)	6.6
Foreclosures (May 2009)	1,609
All Vacant Homes	511
Abandoned Properties (Q1_2009)	348
Supply: Foreclosed plus Abandoned Properties	1,957
Net Supply of Properties	955
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.3%
Unemployment Change (2007-08)	0.5%
Median Home Sales Price (April 2009)	$265,494
Median Home Sales Price Change (2008-2009)	-20.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	7.1%
Median Household Income (2008)	$104,531
Housing Cost Burden (50% of AMI)	45.2%
Housing Cost Burden (80% of AMI)	28.2%
Housing Cost Burden (120% of AMI)	18.8%

Summary

The activities that are proposed by the Maryland Consortium for the NSP2 Program are reflective of a market-based approach that will encourage long-term sustainability within the targeted communities. For communities that have high projected absorption rates, the Consortium members will pursue homeownership assistance, as well as acquisition/rehabilitation for resale or rental housing to address the need for affordable housing. Communities that have lower absorption rates, such as the City of Baltimore, will undertake a combination of demolition and redevelopment, as well as acquisition and rehabilitation to build stronger communities and act as a catalyst in strengthening the market.

Factor 2 Demonstrated Capacity of the Applicant and Relevant Organizational Staff

The members of the Maryland Consortium have a demonstrated capacity to carry out and complete eligible activities involving many times more than the minimum 75 units as required under NSP2. Consortium members represent five entitlement communities, one non-entitlement community, one non-profit organization, and the State of Maryland, as the lead. Each member has successfully administered and implemented federal and state funded housing and community development programs.

Hand in hand with the development of vacant properties, consortium members have:

- Conducted City and regional planning;
- Acquired and disposed of vacant and abandoned housing;
- Rehabilitated housing;
- Marketed and managed waiting lists for potential residents;
- Underwritten housing costs through the provision of rehabilitation, downpayment and closing cost deferred loans and grants;
- Cleared vacant and blighted sites for the purpose of developing affordable new housing;
- Accessed operating and investment capital; and
- Worked productively with other organizations.

Rating Factor 2a. Past Experience of the applicant:

Maryland DHCD: was created in 1987, offering programs for low-income housing, home financing, building codes, planning and community development. The main operational units in the Department include the Division of Housing Finance, the Division of Neighborhood Revitalization, and the Division of Credit Assurance.

The Division of Housing Finance operates numerous State and Federally funded housing programs, and also serves as the State's Housing Finance Agency. In this capacity, it issues about $800 million in bond financing each year to promote the development of affordable housing. It also operates the Federal HOME Investment Partnerships Program (HOME), Low-Income Housing Tax Credit Program, Weatherization Assistance Program, and Housing Opportunities for Persons With AIDS (HOPWA) Program, in addition to also operating as a Public Housing Authority for the State's rural areas. State-funded programs DHCD operates include the Maryland Home Financing Program, Downpayment and Settlement Expense Program, Maryland Housing Rehabilitation Program, Accessible Housing for Seniors Program, Homeownership for Persons With Disabilities Program, Shelter and Transitional Housing Grant Program, Rental Production Program, and Rental Allowance Program, among others.

The Division of Neighborhood Revitalization (DNR) is taking the lead in managing NSP1 and potential NSP2 resources for DHCD. DNR also operates numerous Federal and State Programs. Already operating the formula driven Neighborhood Stabilization Program, other federal programs operated by the Division include the Community Development Block Grant Program, Emergency Shelter Grants Program, and Community Services Block Grant Program. The

Division has also been the successful administrator of competitive programs from HUD, including significant housing counseling grants through NeighborWorks for the Neighborhood Foreclosure Mitigation Counseling program. State funded programs operated by DNR include the State's innovative Smart Growth programs such as Community Legacy, the Community Investment Tax Credit, Neighborhood BuisinessWorks, and Main Street Maryland. Unique in State government, DNR's federal and State programs are coordinated in order to bring maximum revitalization impact to a smaller number of specifically targeted areas within the State's Priority Funding Areas. The DNR team has a strong reputation for effective technical assistance and close coordination with the full range of local partners, including grassroots nonprofits, municipal and county government and private sector stakeholders.

The Division of Credit Assurance has three primary functions – insuring and/or providing credit enhancement to Single Family and Multifamily properties, managing the assets of the Department's Single Family and Multi-family portfolios for both financial and physical soundness, and managing the State's Building Codes.

In the past two years, the Department has:

- Provided mortgages for 6,807 homeownership units
- Developed 4,985 affordable rental housing units
- Rehabilitated 2,704 single family homes
- Provided State and Federal rental subsidies to approximately 3,300 rental units (and served as a HUD Performance Based Contract Administrator for an additional 22,000 rental units)
- Funded 17 NSP1 applicants, including providing half of all competitive funding the State allocated to its Consortium Partners, regardless of many of them being NSP1 entitlement jurisdictions due to their high level of need
- Funded 73 CDBG projects ranging from infrastructure improvements to community centers to housing rehabilitation
- Provided 97 grants to homeless shelters under the ESG Program
- Carried out 145 State-funded Community Legacy Projects which promote State revitalization efforts
- Provided over $5 million in housing counseling funds (including $2.75 million in federal funds and $2.2 million in State funds) to 30 counseling networks which have assisted over 20,000 households at risk of foreclosure.
- Financed the expansion or creation of 31 business loans through the State's Neighborhood BusinessWorks program, and
- Provided asset management of over 13,000 single family home mortgages and 54,000 State financed apartment units.

The Consortium partners are the Maryland Counties that have the very strongest track record of administering federal funding and affordable housing programs as well as one of the most innovative CDFIs in the nation, The Reinvestment Fund. The partners qualifications are summarized below:

Arundel County Development Services (ACDS): was created by Anne Arundel County in 1993 to plan, administer and implement the county's housing and community development funds and activities. ACDS is responsible for ensuring that the CDBG funds received by Anne Arundel County from HUD are utilized in accordance with the statutory regulations. Responsibilities include reviewing activity recommendations and requests for funding, ensuring project meet national objectives and eligibility requirements, preparing Maximum Feasible Priority analyses, and monitoring subrecipients for compliance with federal regulations.

In addition to CDBG, ACDS administers the federal HOME Investment Partnerships Program, the Emergency Shelter Grant Program, and the Housing Opportunities for Persons with AIDS Program, state-funded Special Loans Programs, state-funded Community Legacy Grants and County funded homeownership programs. ACDS is especially skilled in ensuring that the long term affordability requirements for the HOME program are met by all project sponsors. ACDS is a direct provider of the following programs:

- Anne Arundel County's Homeownership and Foreclosure Prevention Counseling Programs;
- The Property Rehabilitation Program;
- The Group Home Rehabilitation Program;
- The Affordable Housing Program, which develops single-family properties for sale and/or rent to income eligible homebuyers/renters.

Within the last 24 month ACDS has:

- completed 35 owner-occupied housing rehabilitation projects,
- provided 57 deferred loans for downpayment, closing cost and mortgage write-down assistance, and
- counseled over 1,500 existing and prospective home buyers.

Baltimore County Office of Community Conservation (OCC): since 1994, OCC has administered a variety of public funds, including funds received from the State and Federal government. The Baltimore County Office of Community Conservation (OCC) administers the County's federal entitlement funds including CDBG, as well as Supportive Housing Program and Federal Emergency Management Agency funds. The OCC prepares the County's Consolidated Plan and prepares the Consolidated Annual Performance and Evaluation Report. The OCC also administers State-funded programs such as the Rental Assistance Program, the Maryland Housing Rehabilitation Program, the Lead Hazard Reduction Program, and Community Legacy, and packages loans under the Homeownership for Persons With Disabilities Program. The county has administered these programs responsibly and in accordance with all federal, state, and local requirements. The County has received clean A-133 audits with no findings in the past two years and meets all of its timeliness, disbursement, and commitment requirements.

In the past 24 months the OCC has assisted **80 eligible households** in Baltimore County through its own Homeownership Assistance Program.

Frederick DHCD: has extensive experience in providing a diverse mix of housing programs and resources for renters, owners, developers and non-profit organizations. Frederick DHCD has the fiscal and technical capacity to administer funding from state and federal grants and the County general fund, with a budget totaling $6.3 million for FY 2009. In 2007, the Frederick County Board of Commissioners established the Housing Initiative Fund - this revolving loan fund of $5.6 million was created to support affordable housing initiatives and is managed by Frederick DHCD.

Currently the Frederick DHCD provides the following housing services:

- Operation of low to moderate income Homeownership Programs for first-time buyers - Homebuyers Assistance Program; the HOME funded American Dream Initiative; and is a partner with the Community Partners Incentive Program -
- Processes/Closes an average of eight down payment loans per month.

- Management/Maintenance of the County-owned Bell Court Senior Housing Complex(28 units).
- Operates the Deferred Loan Program, the Building Fee Deferral Program and the Payment in Lieu of Taxes Program to assist local developers.

Within the past 24 months **over 120 low-moderate income households** have been assisted by one or more of these programs.

Frederick DHCD has traditionally partnered with local non-profits and realtors to ensure maximum participation in and benefit from its programs and activities. The staff includes six members with extensive experience in housing rehabilitation, rental management, and loan processing and contract administration.

Harford CDCS: has over 10 years experience in administering HUD entitlement community funding. Harford CDCS demonstrated a successful track record in the following administrative areas:

- Review and selection of project applicant capacity, readiness, leveraging of funds, eligibility and fit with comprehensive revitalization efforts;
- Adherence to HUD timeliness standards on the proper expenditure of funds and documentation through the IDIS system;
- Ensuring that projects comply with CDBG national objectives and eligible activities;
- Preparation of environmental reviews and the Release of Funds for its grantees and subrecipients.

In the past 24 months, Harford County has supported the development of seven homes for low-income households and 33 families received downpayment assistance.

Howard County DHCD: has used various federal, State and local funding sources for the development of affordable rental housing and financial assistance for affordable home ownership opportunities. They are a recipient of both federal HOME and CDBG funding.

Howard DCHC has provided financial assistance for several affordable housing projects. Housing developments have been constructed in conjunction with private sector partners and using layered financing sources, including county funding, low income housing tax credits, State of Maryland financing, and various federal financing sources.

Between 1991 and 2006 the county government, in conjunction with the private development community, produced, marketed and managed 1,200 units of low-and moderate-income rental units. Within the last 24 months the County:

- completed construction and opened Patuxent Square a 70-unit family project
- completed and opened Parkview at Emerson, an 80 unit senior project
- acquired Columbia Landing, a 300-unit property, using self-generated equity and commercial bank financing.

Currently, the County is in the process of developing Ellicott Gardens, which is slated for occupancy in September 2009. Ellicott Gardens' multi-family building will consist of 106 green and affordable units. The project will include an on-site wind turbine.

Montgomery DHCA: has a 30 year track record of successfully administering federal CDBG, HOME, and ESG funds. Staff have extensive expertise in ensuring compliance with all federal requirements, including those specifically relevant to real estate activities.

During the past two years, Montgomery County has acquired and/or rehabilitated **76 units of housing** that are included in or adjacent to the five NSP2 census tracts.

Montgomery County administers and expends an average of $2 million annually in federally funded single and multi-family housing rehabilitation activities alone for low income residents. Marketing and management of waiting lists for potential residents is a component of Montgomery County's housing activities.

DHCA administers the Housing Initiative Fund (HIF), Montgomery County's locally funded housing trust fund. In FY 2010, the HIF will be funded at a level of $51.7 million. The County has been able to leverage its HIF contributions to development opportunities at a level of 6 to 1. In addition, the DHCA will expand its close collaboration with the Montgomery County Housing Opportunities Commission and has a strong track record of developing and managing affordable rental projects as well as developing affordable homeownership opportunities. **Montgomery County has a national recognized Inclusionary Housing program which has generated more than 15,000 affordable housing opportunities** in what is otherwise a market that quickly "prices out" most low- and moderate-income households.

TRF DP: is a non-profit entity that was formed in 2006, The Reinvestment Fund Development Partners (TRF DP) is a partnership between the Reinvestment Fund - a leading CDFI - and Baltimoreans United in Leadership Development (BUILD) - an Industrial Area Foundation Affiliate in Baltimore City. TRF DP is a builder/developer of homes that are affordable to families earning up to 80% AMI. TRF DP's mission is to invest in locations that create wealth and opportunity for the families that live there.

TRF DP staff has exceptional urban redevelopment experience. In total, their staff have rehabilitated over 500 vacant housing units, developed 5,000 building lots and built over 950 new homes throughout the country. TRF DP's site identification process requires that sites have specific geographic, market or infrastructure advantages that their investments can build on to create healthy, vibrant neighborhoods. To engage in this long-term redevelopment work, TRF DP has raised a $10 million debt pool of long-term non-recourse capital that supports their development activity. This capital is directed at developing homes to support BUILD's community organizing and catalyze neighborhood revitalization.

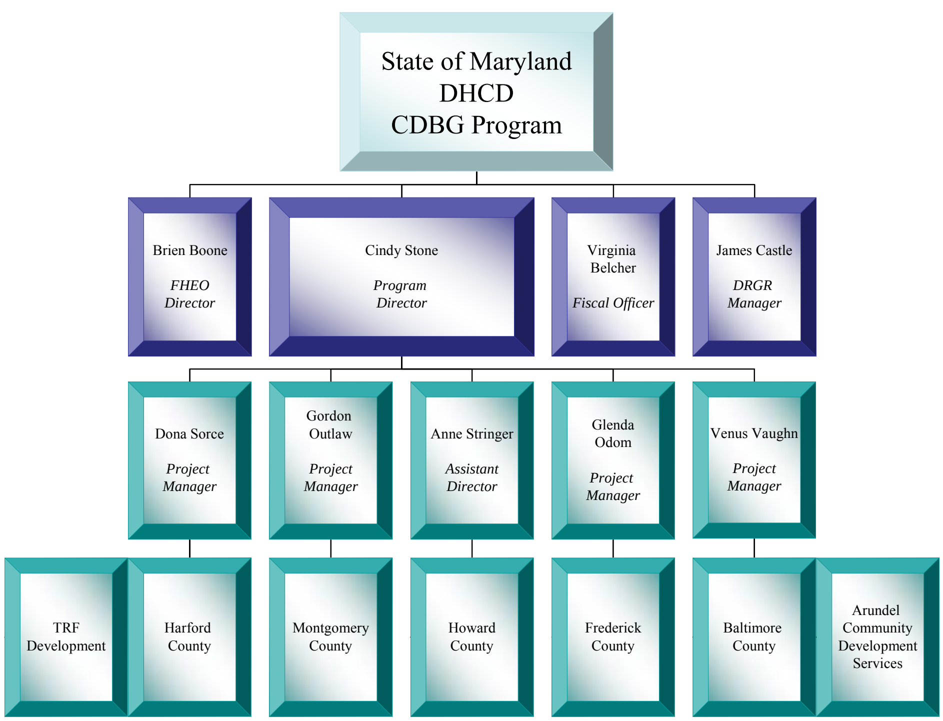
During the past 24 months, in the census tracts for which TRF-DP seeks NSP2 funds, TRF DP has been engaged in active development of vacant and abandoned properties. As a result of intense planning work, TRF DP was awarded redevelopment rights for the Oliver area of Baltimore City and now controls over 200 properties. These 200 properties comprise a project called Preston Place, which will eliminate 100% of all abandoned properties in a six block area. Preston Place's 48-unit first phase is under construction. Currently, 25 of 48 homes have been completed or are under construction (14 homes have been sold or leased.)

TRF DPs work is not limited to Baltimore, it works in Pennsylvania and New Jersey and has four other projects in its portfolio. In total over the past 24 months, TRF DP has:

- Secured site control of 277 vacant parcels and buildings
- Purchased 132 vacant lots and buildings
- Rehabilitated 10 vacant homes
- Constructed 101 new homes on formerly vacant land
- Consolidated 42 vacant lots into 16 lots (zoning and planning approved)
- Managed 3 community based planning efforts and 3 community institution based efforts
- Secured over $19.9 million in subsidy to develop 6 residential projects
- Partnered with 8 non-profit partners to develop 6 residential projects
- Worked with over 595 low and moderate income families interested in affordable housing

Rating Factor 2b Management Structure

As the lead agency, Maryland DHCD will assume responsibility for the management of all funds and subsequent activities awarded through NSP2. The State has a proven structure in place to manage, monitor and ensure compliance with NSP1 funding that will be the basis for the management of NSP2 funding. DHCD's Community Development Block Grant (CDBG) program staff will manage the grant. The organization chart below shows how operation of the NSP2 grant will be carried out:



DHCD has administered the CDBG program since the State's program began in 1987. DHCD's team has more than 100 years of CDBG experience working exclusively with the State's program. They function as both project managers and compliance specialists. The program distributes CDBG funds to subgrantees for eligible activities. The staff works with the subgrantees to manage their grants and to comply with all applicable federal and state policies and regulations. At the completion of grant activities, a comprehensive on-site monitoring is completed. Staff are trained in all aspects of federal grants management, and specific staff serve as specialists for certain compliance areas. These staff will be administering the NSP-2 funding if awarded:

Cindy Stone – Director – 15 years with the CDBG Program – Functions as Project Manager, Acquisition and Relocation Specialist, and the Environmental Officer.

Anne Stringer – Assistant Director - 5 Years with the CDBG Program – Functions as Project Manager and Housing Rehabilitation Specialist.

Gordon Outlaw – Project Manager – 22 years with CDBG Program – Functions as Project Manager, Procurement Specialist, and Financial Specialist.

Glenda Odom – Project Manager - 15 years with CDBG Program – Functions as Project Manager and Labor Standards Officer.

Virginia Belcher – Financial Manager – 22 years with CDBG Program – Responsible for tracking grant expenditures and allocations, reviews and processes payments, and assists with on-site financial monitoring.

Venus Vaughn – Project Manager – 20 years with CDBG Program – Functions as Project Manager.

Additionally, the CDBG team recently hired two new staff with previous experience in managing HUD programs. Dona Sorce and Jim Castle will function as project managers and as DRGR reporting specialists.

As described in the response to Rating Factor 2a, each of the seven partners have extensive and diverse experience in successfully administering and implementing housing and community development programs that are consistent with local and regional plans and that maintain a standard of accountability and performance that is in line with NSP2 program guidelines.
The key staff person that will be responsible for the operations of NSP-2 activities are:

- Baltimore County OCC – Marcia Williams, HOME Program Coordinator.
- Frederick County DHCD - Margie Lance, MPDU Program Coordinator.
- Harford County DCS - Suzanne Streeter, Grants Administrator.
- Howard County DHCD - Kelly Cimino, NSP/NCI Coordinator.
- Montgomery County DHCA -Stevens Brown, Senior Planner.
- ACDS- – Kathleen Koch, Executive Director.
- TRF Development Partners – Sean Closkey, Executive Director.

FACTOR 3: SOUNDNESS OF APPROACH

Rating Factor 3a Proposed Activities

The activities the Maryland Consortium intends to undertake under NSP2 are as follows:

ACTIVITY	TOTAL NSP REQUEST
Acquisition, Rehabilitation for Resale or Rental	$23,200,732
Financial Assistance	$6,511,818
Redevelopment of Demolished Properties	$3,759,000
Demolish Blighted Properties	$701,888
Housing Counseling	$200,000
General Administration	$1,626,562
TOTAL	**$36,000,000**

(1) The Maryland Consortium has a sound market-based approach and will target resources in order to achieve the following short- and long-term outcomes, consistent with the outcomes sought by HUD for NSP2:

- Arrest decline in home values based on average sales price in target neighborhoods
- Reduce or eliminate vacant and abandoned residential property in target neighborhoods
- Increase sales of residential property in targeted neighborhoods
- Increase median market values of real estate in targeted neighborhoods

By market-based we mean that the specific revitalization strategies employed in each jurisdiction are suited to make the most sense based on the unique market conditions of the targeted neighborhoods. The Maryland Consortium is committed to mixed-income approaches that give the lowest income households access to affordable rental housing opportunities in the stronger of still eligible target neighborhoods (for instance in Montgomery County), as well as provide opportunities for homeownership to moderate-income households in some of the revitalizing neighborhoods in order to lead to long-term stabilization of these areas (for instance in Baltimore City's hard hit Oliver neighborhood).

In addition, as noted in the introduction, just as ARRA resources are being deployed through existing federal programs such as CDBG, the Maryland Consortium members are deploying NSP1 resources and propose to deploy NSP2 resources efficiently and effectively through existing locally-based and proven affordable housing programs. The resources requested through this proposal will be administered as the Maryland Neighborhood Conservation Program which was established with NSP1 funding and which required local partners to identify specific target neighborhoods for investment and comprehensive revitalization. NSP 2 funding will continue the partnership between the State, local governments, and private and stakeholders have committed to revitalizing areas that have been hardest hit by the foreclosure crisis.

The Maryland Consortium's investments will align completely with the NSP2 program principles, including:

- Retaining and adhering to the distinctive requirements of the CDBG program, as well as furthering the program's objectives of providing viable urban communities, decent housing, suitable living environments and economic opportunities, principally for person of low- and moderate-income.
- Targeting neighborhoods that would not otherwise be connected to benefits being accrued in the larger Maryland economy
- Targeting a sufficient amount of resources and range of activities to rapidly arrest decline
- Meeting or exceeding the "deep targeting" requirement for NSP funds to assist households whose income does not exceed 50 percent of area median income.
- Setting standards to ensure the longest feasible continued affordability as well as sustaining housing desirability
- Supporting projects that optimize economic activity and job growth (as well as transit access to job centers)
- Coordinating and integrating federal and State resources such as energy conservation and transit development.
- Leveraging local and private resources and removing the destabilizing influences of foreclosed, vacant and blighted properties
- Setting specific, aggressive and achievable goals for outputs and outcomes.
- Ensuring accountability through transparent communications and outreach strategies, including the Governor's nationally recognized Maryland ARRA Recovery Website, www.statestat.maryland.gov/recovery.

Use of NSP2 funding in Maryland would further comprehensive revitalization strategies in Maryland neighborhoods that 1) meet HUD's requirement of high levels of foreclosure 2) concentrate resources in mutually designated local and State "Neighborhood Conservation Areas" and are therefore priority funding areas for State investment from all State agencies as part of revitalization efforts and 3) operate in jurisdictions that will be heavily impacted by BRAC so that medium and long-term economic growth can lead to stable neighborhood markets with appropriate incentives and new investment.

For instance, just as HUD is working closely with U.S. DOT on a sustainable communities approach, DHCD is working closely with the Maryland Department of Transportation (MDOT) to better integrate State transportation funding with housing funding in targeted revitalization areas. MDOT has developed maps that show the overlay of their recent investments in relation to the NSP2 targeted census tracts. These will serve as the basis for consideration of new investment to benefit these target areas. These will serve as the basis for consideration of new investment to benefit these target areas, integrating transit and land use investments.

In addition, DHCD is working closely with the Maryland Energy Administration as an outcome of the Regional Greenhouse Gas Initiative (discussed further below). This relationship is expanding the impact of the federal Weatherization Assistance Program (WAP) which DHCD administers. DHCD will work with these and other State agencies to focus revitalization and workforce development resources to benefit the targeted neighborhoods.

Building from the relationships above, as lead partner in the Consortium, DHCD will convene at least once each quarter, a locally based meeting with each Consortium member and relevant State agencies in order advance a coordinated investment strategy for revitalization outcomes that would be in addition to the housing outputs and market outcomes anticipated through the NSP and leveraged funding described in this proposal.

Governor O'Malley has renewed Maryland's commitment to Smart Growth through a range of nationally significant "Smart, Green and Growing," initiatives. www.green.maryland.gov Common to all these initiatives are two important things: (1) the mandate that State agencies must coordinate resources for greater efficiency and impact; and (2) the belief that agencies are held accountable for progress by monthly data reporting overseen by the "State Stat" team within the Office of the Governor.

State Stat established four priority DHCD initiatives for monitoring that include: 1) the outcomes of the Neighborhood Stabilization Program 2) the implementation of the greatly expanded WAP program, 3) ongoing implementation of DHCD's premier foreclosure prevention program, Home Owners Preserving Equity (HOPE) and 4) progress toward reaching BRAC Plan goals.

With respect to BRAC, DHCD has expanded its internal and external infrastructure to accomplish these activities including:

- Dedicating a BRAC coordinator
- Expanding outreach staff
- Developing a BRAC Web page highlighting State and local housing resources
- Developing and implement its BRAC Plan
- Working with sister agencies and the BRAC Subcabinet to align efforts and outreach, and
- Coordinating with impacted counties to identify priority BRAC projects and activities

At the same time, financial capacity and a struggling real estate market in the face of the foreclosure crisis are key challenges for the State and the BRAC communities. These national issues have impacted federal and State budgets and important housing finance tools such as Federal Low Income Housing Tax Credits and mortgage revenue bonds have become substantially more difficult to use due to problems in the credit market. Nonetheless, relocation of military jobs from bases in New Jersey, Virginia, and other areas remain on schedule, requiring Maryland to forge ahead.

As a result of BRAC, Maryland developed a BRAC Action Plan to help guide the significant increase in growth caused by base realignment. All of Maryland's major military installations will grow substantially due to BRAC, with the most significant growth occurring at Aberdeen Providing Grounds (which is expected to gain 5,900 direct jobs in a town that currently has 5,700 total housing units), the Bethesda Naval Medical Center (which will grow as a result of the closing of Walter Reed), Fort Detrick, which will pick up additional operations from various other States, and Fort George Meade, which will be the center of intelligence operations. The State is expected to gain a minimum of 9,000 new households and 40,000 direct and indirect jobs by 2012, with the vast majority of the households and jobs located in the seven counties partnering in the Maryland Consortium.

(a) Budget Sheet

The Maryland Consortium's proposed NSP2 budget are eligible uses are set forth below:

MARYLAND CONSORTIUM				
NSP-2 BUDGET				
PARTNER	**ACTIVITIES**	**NSP REQUEST**	**LEVERAGE**	**ELIGIBLE USES**
Baltimore County	Financial Assistance	$5,000,000	$0	**A**
Montgomery County	Acquisition, Rehabilitation and Rental	$3,800,000	$0	**B**
Harford County	Financial Assistance	$830,400	$244,000	**A**
Harford County	Acquisition, Rehabilitation and Resale	$830,400	$180,000	**B**
Howard County	Acquisition, Rehabilitation and Resale	$2,857,500	$62,500	**B**
Howard County	Financial Assistance	$18,000	$49,000	**A**
ACDS	Acquisition, Rehabilitation and Rental/Resale	$2,000,000	$40,000	**B**
Frederick County	Acquisition, Rehabilitation and Rental	$4,078,416	$50,000	**B**
Frederick County	Acquisition, Rehabilitation and Resale	$1,663,416	$69,505	**B**
Frederick County	Financial Assistance	$663,418	$0	**A**
TRF Development	Acquisition, Rehabilitation and Rental/Resale	$1,771,000	$13,500,000	**B**
TRF Development	Demolish Blighted Structures	$701,888	$300,000	**D**
TRF Development	Redevelop Demolished Properties	$3,759,000	$2,500,000	**E**
ALL	Housing Counseling	$200,000	$0	
State of Maryland	Acquisition, Rehabilitation and Rental	$6,200,000	$0	
State of Maryland	Downpayment Assistance	$0	$700,000	
All	General Administration	$1,626,562	$0	
TOTALS		**$36,000,000**	**$17,695,005**	

(b) The activities in this application will produce 375 total housing units within targeted areas within the State. The proposed activities would result in financial assistance for 194 households, the acquisition/rehabilitation and resale of 91 houses for homeownership, the acquisition/ rehabilitation of 60 houses for rental, and the acquisition/demolition of 30 substandard housing units which will be replaced with new units.

The financial assistance will be provided as downpayment assistance, closing cost assistance and loans for acquisition and rehabilitation. The partners carrying out these activities intend to provide the assistance as 0% interest, deferred loans to eligible households who acquire foreclosed houses and live in them for the full affordability period. Those households who default by selling the home before the affordability period expires will repay funding using a sliding scale based on their time period in the home.

The use of NSP2 funding for acquisition/rehabilitation and rental of foreclosed houses will be carried out by three of the partners. Two partners will use these as part of lease to own programs for lower income families to encourage homeownership. When/if the title is transferred to the participant, the continued affordability of the property will be secured by a lien or a Deed of Trust. The other partner will use their funding to acquire houses for the County's public housing authority to use as rental properties. The affordability will be secured by a deed restriction.

Those partners using NSP2 funding for acquisition/rehabilitation and resale will provide neighborhood stabilization through homeownership. The continued affordability of the properties will be secured by liens or Deed of Trust.

The use of NSP2 funding to acquire and demolish vacant, substandard housing units is critical to the strategy of one of the partners. The cleared sites will be redeveloped with quality new housing for households qualifying using NSP2 income limits.

Funding has been requested for the State to use in conjunction with the partners in the development of rental housing which will be targeted primarily to persons at or below 50% AMI. The State will solicit applications from Partners and their experienced subrecipients to acquire/ rehabilitate housing to be used as rental properties. Funds will be provided to Partners that are able to prove readiness to proceed.

The Maryland Consortium application contains a request for $200,000 to be used for housing counseling. This funding will be used to meet the NSP requirement that homebuyers must receive at least 8 hours of housing counseling. This funding will be held in a pool by the State to be used by partners without access to local counseling resources.

(c) The leverage in this application has been firmly committed by the lead agency and the partners in this consortium application. The $17,695,005 million in leveraged funds is made up by State, local and private sources. Letters of commitment of leveraged funds are attached as required. And while mortgage financing is not an allowable direct leverage, it is anticipated that DHCD's award winning Maryland Mortgage Program will provide substantial assistance to first-time homebuyers in the target areas.

(d) This application includes the demolition of 30 vacant, substandard housing units located within three census tracts in Baltimore City. The partner, TRF DP, has been actively working to develop vacant and abandoned properties in this area. There is an oversupply of existing houses that could potentially be rehabilitated and an undersupply of new housing. Their long term strategy will create new housing and renovate and preserve existing structures where possible.

TRF DP physically inspected every parcel in the target area which consists of over 1,100 abandoned buildings or vacant lots. Many of the units have been vacant for over 30 years which makes rehabilitation financially and physically unfeasible. They are deemed to meet the HUD definition of unoccupiable.

The budgeted amount for demolition is $701,888, which represents less than 2% of the total request from the Maryland Consortium.

Rating Factor 3b   Project Completion Schedule

Management Schedule

The Maryland Consortium's management schedule for NSP2 funding is below:

DATES	PARTNER	MAJOR ACTIVITY
Schedule Assumes HUD Signs Grant Agreement 12/2009		
1/ 2010	State	Set up internal financial process
2/2010	All	NSP2 Implementation Training Workshop for Partners
3/2010	All	Complete Environmental Reviews and State Issues ROF
4/2010	State	Quarterly Report due to HUD
7/2010	State	Quarterly Report due to HUD
10/2010	State	Performance Evaluation of Partners
10/2010	State	Quarterly Report due to HUD
1/2011	State	Quarterly Report due to HUD
4/2011	State	Quarterly Report due to HUD
6/2011	State	Performance Evaluation of Partners
7/2011	State	Quarterly Report due to HUD
10/2011	State	Quarterly Report due to HUD
10/2011	State	Begin submission of Monthly Obligation Report to HUD if necessary, submit until told otherwise
1/2012		50% of Grant funds to be drawn from HUD
1/2012	State	Quarterly Report due to HUD
2/2012	State	Performance Evaluation of Partners
4/2012	State	Quarterly Report due to HUD
7/2012	State	Quarterly Report due to HUD
10/2012	State	Quarterly Report due to HUD
1/2013		Grant Expenditures Complete
4/2013	State	Final Quarterly Report due to HUD

PRODUCTION ACTIVITY AND TIMING

DATES	ACTIVITIES				
	A Financial Assistance	B Acquisition/ Rehab/Resale	B Acquisition/ Rehab/Rental	D Demolition	E Redevelopment
4/2010	Baltimore 8	Howard 6	Montgomery 3	TRF 30	TRF 2
5/2010	Frederick 5 Baltimore 8	Frederick 3 Howard 4	Frederick 5		TRF 2
10/2010	Frederick 5 Baltimore 8	Frederick 4 ACDS 2 Howard 4 TRF 5	Frederick 5 Montgomery 3 ACDS 1 DHCD 4		TRF 2
1/2011	Baltimore 16 Frederick 5 Harford 4	TRF 5	Montgomery 3		TRF 2
4/2011	Frederick 5 Baltimore 16 Harford 5	ACDS 2 TRF 5	ACDS 1		TRF 2
7/2011	Frederick 5 Harford 4 Howard 2	TRF 5	Frederick 5 Montgomery 3 DHCD 4		TRF 2
10/2011	Frederick 5 Baltimore 16 Harford 5 Howard 3	ACDS 2 Harford 3 TRF 5	Frederick 5 ACDS 1		TRF 2
1/2012	Frederick 5 Baltimore 14 Harford 4 Howard 3	TRF 10	Frederick 5 DHCD 4		TRF 4
42012	Frederick 5 Baltimore 6 Howard 2	Frederick 3 TRF 5	DHCD 2		TRF 4
7/2012	Frederick 5 Baltimore 4 Harford 3 Howard 2	TRF 10	DHCD 4		TRF 4
10/2012	Frederick 5 Baltimore 4 Harford 5 Howard 2	Harford 3 TRF 5	DHCD 2		TRF 4
1/2013	GRANT ENDS				
TOTALS	194*	91	60	30#	30#

* 14 households will also receive financial assistance.
# 30 units will be demolished and 30 constructed as part of this effort

The items identified in the above tables include the major activities critical to the State's management of the grant. The individual agreements between the partners and the State will contain schedules which will describe specific activities with start and completion dates.

During the term of the grant, the State will evaluate the partners performance related to activities and expenditures. If it is determined that progress has been limited and that activities have not been initiated, the State may recapture funding from that partner and moved to a partner showing exemplary performance.

Another component of the evaluation will be to track the progress made by the partners in meeting the NSP low income targeting requirement. While certain of the partners' individual proposals for this application did contain plans for meeting the requirement, the amount awarded will dictate the amount of funds that must be targeted. The State, as the lead agency, reserves the right to assign percentages that partners must meet to assist the Consortium with meeting this requirement. If progress is not satisfactory, all partners grant amounts and activities may be adjusted to ensure that the requirement will be met in a timely manner.

Rating Factor 3c Income Targeting for 120 percent and 50 percent of median

NSP funding is only for households whose total income does not exceed 120 percent of area median income. Additionally, a successful grantee must expend at least a minimum of 25 percent of the total award to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

The Consortium application contains several specific projects that will meet the targeting requirement. Montgomery County will use $2,850,000 or 75% of its $3,800,000 request for acquisition of houses to be used as rental properties for families at or below 50% AMI. Harford County will use $750,000 of its request to assist Habitat for Humanity with homeownership opportunities for families with household income between 30 and 50% AMI. The application also contains a request of $6,200,000 for the State to provide to the partners for rental housing projects. The partners would request funding on behalf of subrecipients experienced in acquiring and rehabilitating property for rental use. The entire $6.2 million would be for persons at or below 50% AMI

While partners identified activities and dollar amounts to assist with this requirement, the State will reinforce this agreement by assigning a specific dollar amount to be spent by each partner on qualifying activities. As stated previously, if progress is not satisfactory, all partners grant amounts and activities may be adjusted to ensure that the requirement will be met in a timely manner.

Rating Factor 3d Continued Affordability

The minimum affordability restriction the State and its partners will meet using NSP funds will be the same as the requirement currently being met through the HOME program. The State will use the longer, more restrictive standards when NSP funds are combined with funds with longer affordability standards such as Federal Low-Income Housing Tax Credits (30 years for rental housing). Partners are allowed to use longer time periods if they so desire.

Minimum Affordability Periods	
Investment per Unit	**Minimum Length of the Affordability Period**
Less than $15,000	5 years
$15,000 - $40,000	10 years
More than $40,000	15 years
New construction of rental housing	20 years

DHCD will ensure continued affordability by requiring that all loans, grants, or deferred loans be secured by a lien or Deed-of-Trust in cases of homeownership and by deed restrictions for rental projects. The nature of equity at resale, continued affordability, and future income to the State's NSP program must be addressed and approved by DHCD. Long term affordability monitoring will be undertaken by CDBG program staff

Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

<u>Rating Factor 3e Consultation, Outreach and Communication</u>

(1) DHCD carried out substantial consultation with local governments on the development of this NSP2 application. Upon the passage of ARRA, DHCD started taking preliminary steps with its community partners to frame the basic precepts for applying for NSP2 funding. This included discussion with units of local government, as well as meeting with nonprofit organizations and advocacy groups regarding applying for NSP2 funding. Once HUD announced the NSP2 funding competition, but before the draft NSP2 plan was prepared, DHCD posted to its website data and links to HUD's website regarding NSP2 funding, and also prepared its own maps and information for local governments, nonprofits, for profits and the general public so they could easily see which census tracts where eligible for NSP2 funding. DHCD also called its local government partners, including those who had received NSP1 funding from DHCD, to solicit information in their interest in joining DHCD in submitting a joint application for NSP2 funding. Based on the identified census tracts and HUD requirements, the State also looked for the best way to meet the goals of NSP2 and decided to focus on the BRAC counties and the plans put in place by the State and those county governments to support both BRAC and neighborhood revitalization efforts.

Working with its partner agencies in the Consortium, the State then prepared its draft NSP2 Plan which was posted to DHCD's website, www.mdhousing.org starting on Thursday, July 2, 2009 and held a 10 day public comment period closing COB Monday July 13, 2009. Notice of the availability of the NSP2 draft Plan for review was placed in newspapers around the State, including the Baltimore Sun, Baltimore African American, Annapolis Capital-Gazette, Hagerstown Daily Mail, and Salisbury Times, among others. DHCD also mailed out approximately 800 letters to the State's nonprofit organizations, for-profit developers, units of local government, chief elected officials, chief housing contacts, Public Housing Authorities and persons who had expressed a general interest in housing and community development activities. These letters informed the public that we where intending to apply for NSP2 funding, including information on who, what, where, why and how much, and invited the public to submit comments via either standard or email.

(2) DHCD and its partners will use several methods of outreach to inform the public of their plans, activities and the availability of funding. As the partners are involved in housing and community development efforts within the target areas, they have waiting lists of families needing assistance that, in most cases, have been pre-qualified. The increased income limits under NSP, provide the partners with an opportunity to assist persons at higher incomes and to increase their efforts of creating stabile mixed income neighborhoods. In addition, the State will also conduct outreach through its Office of Communications and Marketing, which provides outreach efforts through community forums, press releases, and radio ads and programs. These activities will be undertaken with NSP2 funds similar to what the Department has already done for NSP1 funding and DHCD's own housing and community development programs. These efforts include affirmative marketing efforts DHCD already requires for all State and federally funded activities, including affirmative marketing already done for programs such as HOME and CDBG. DHCD and its partners (almost all of which are HOME and CDBG entitlement jurisdictions) will carry out affirmative marketing for NSP2 meeting the same requirements they currently do for the HOME and CDBG programs.

(3) Continued public outreach will be done by DHCD and its partners. DHCD's partners will carry out outreach through public hearings on NSP2 funding, as well as working with community organizations, nonprofits, and homeowners associations in targeted communities. Where applicable, they will also include information on their websites. The State will also undertake public outreach, including provided information both the State's overall ARRA website, as well as DHCD's own ARRA website.

Rating Factor 3f Performance and Monitoring

(1) As stated, the Maryland Consortium is primarily made up of recipients of NSP1 funded through the State's allocation. Under NSP1, the State has developed policies and procedures for the management and monitoring of the subgrantees and their activities that will be applied to funding received under NSP2. As the lead applicant, the State will serve as the coordinator for the activities and have the ultimate responsibility for management and monitoring of funds and activities. The State will ensure compliance.

There will be an agreement with each partner in which the State will outline their activities, funding, national objective, NSP requirements, State requirements, and activity schedules. The State CDBG staff will manage and monitor the partners use of NSP funding and their accomplishments. Each partner will be assigned a project manager who will meet with them at their offices each month. The project manager will go through files, cross reference payment requests with invoices, monitor completed activities for compliance, monitor financial and administrative systems, and discuss any issues or concerns. Additionally, the State's CDBG program has compliance specialists that are able to offer technical assistance on specific compliance regulations. Continuous correspondence and communication will ensure that there are minimal monitoring issues or problems. This will also ensure that the funded projects are in compliance with all necessary NSP requirements such as tracking the foreclosed property discount and expenditure of funding to house persons at 50 percent of the area median income.

Customized reports will be prepared for partners to complete each quarter. They will be designed to capture all required information to be included in DRGR. Additionally, each report will be designed to provide the project manager with additional information to assess the progress of the grantee with implementation of the activities.

As described above, the State CDBG staff will be intimately involved with partners while NSP activities are being implemented. We feel that our management and monitoring plan sufficiently addresses the internal audit requirement. The State has seven staff that function as project managers. Staff will meet regularly with the program Director and Assistant Director to discuss partner activities, progress and problems. The State has operated the CDBG program for 22 years and four of the staff have each been with the program for at least 15 years.

FACTOR 4 – LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS

Ranking Factor 4a) – Leveraging and Integration

The Maryland Consortium will leverage the NSP2 funds it receives with $17,695,005 in State, County, and nonprofit funds dedicated specifically toward this effort. This includes $700,000 that the State will provide through its Downpayment and Settlement Expense Loan Program (DSELP), $16,300,000 in nonprofit funds from TRF Development, and $695,005 from our local partners. This represents a leverage ratio of 49.1 percent to funds requested. Firm commitment letters are in the appendices.

In addition to these direct funds, as noted earlier in the application, the census tracts selected for NSP2 funded are also in the State's BRAC impacted areas and are also in the State's Priority Funding Areas. As such, they receive priority for funding for funding under the federal CDBG and HOME programs, as well as State funding operated by DHCD such as Community Legacy, Neighborhood BusinessWorks, and Community Investment Tax Credits, as well as funding from other State agencies such as the Maryland Department of Transportation, Maryland Department of Business and Economic Development, Maryland Department of Planning and other agencies involved in community revitalization efforts. Funding for these programs, both federal and State is competitive, so while we can not provide exact figures for additional leveraging, it would be reasonably expected that actual leveraging will be higher in the impacted communities.

DHCD will take the lead in convening local planning meetings with Consortium Partners that bring relevant State agencies to the table so that all possible State resources can be focused on the targeted neighborhoods. Some of its current efforts directly impacting the NSP2 program include:

- DHCD will continue its work with other members of the BRAC Commission – The Departments of Business and Economic Development, Environment, Higher Education, Labor, Licensing, and Regulation, Planning, Transportation and Budget and Management, as well as the affected local governments – to meet the challenges posed in the significant growth planned at the Aberdeen Proving Ground, Ft. Meade, Andrews Air Force Base and the Bethesda Naval Hospital over the next six years.

- Smart Growth – DHCD will work with other State agencies in promoting Smart Growth throughout Maryland.
- DHCD will work with the Maryland Department of Planning, Maryland Department of Transportation, Maryland Department of the Environment and other State agencies and departments to develop the State's Development Plan, Housing Plan, and Transportation Plan.
- DHCD will work with the Maryland Departments of Agriculture, Aging, Business and Economic Development, Disabilities, Environment, Health and Mental Hygiene, Juvenile Services, Public Safety and Correctional Services, Natural Resources, Planning, Education, Budget and Management, General Services, Human Resources, Veterans Affairs, Transportation and Labor, Licensing and Regulation, as well as the State Police on developing a uniform GIS system for the entire State with shared databases of all GIS data developed by these agencies to promote better planning and coordination of programs.

Ranking Factor 4b) Removal of Negative Affects

The economic costs of property foreclosures in Maryland include the loss of property values and tax receipts, plus additional costs incurred by property owners and lenders. Based on 2007 information from Metropolitan Regional Information Systens, Inc., RealtyTrac, and analyses done by DHCD's Office of Research, the direct loss in housing wealth associated with the foreclosed properties in Maryland Consortium is estimated to be $497.3 million. The reduction in home values within one-eight mile radius of each foreclosed property amounts to an estimated $1.5 billion. Therefore, the total projected loss of property value is $1.997 billion in 2007 dollars. The resulting loss of local real property tax receipts is estimated to be $5.4 million associated with the principal properties, $16.2 million for the neighboring properties, and $21.7 million for all impacted properties.

Projected Loss of Property Value and Tax Receipts in Maryland, 2007

	Property Value Loss ($Millions)			Property Tax Loss (Thousands)		
Jurisdiction	**Principal Property**	**Neighboring Properties**	**All Properties**	**Principal Property**	**Neighboring Properties**	**All Properties**
Anne Arundel	$72.1	$200.9	$273.0	$661.7	$1,844.3	$2,505.9
Baltimore	$94.5	$309.3	$403.8	$1,039.7	$3,402.1	$4,441.8
Baltimore City	$60.9	$168.8	$229.7	$1,393.4	$3,862.5	$5,255.9
Frederick	$37.5	$92.8	$130.3	$350.6	$868.6	$1,219.2
Harford	$31.5	$73.1	$104.5	$340.4	$790.5	$1,130.9
Howard	$31.7	$86.2	$117.9	$321.2	$874.5	$1,195.7
Montgomery	$169.1	$569.5	$738.6	$1,372.8	$4,624.7	$5,997.5
Maryland Consortium	***$497.30***	***$1500.60***	***$1997.80***	***$5,479.80***	***$16,267.20***	***$21,746.90***

Source: Metropolitan Regional Information Systems, Inc; RealtyTrac, and DHCD, Office of Research.

NSP2 funding will help ameliorate the negative affects of declining property values and tax losses by returning foreclosed units to the housing stock. Our strategy of specifically focusing on areas that are set to experience substantial job growth due to BRAC, are Priority Funding Areas for State programs, and have access to mass transit will positively impact these communities that have the opportunity for a rapid turnaround and long-term sustainability.

FACTOR 5 – ENERGY EFFICIENCY

The State of Maryland, DHCD, and its partner agencies are strongly committed to energy efficiency in all of its housing development and redevelopment. The activities proposed in this application will comply with the required NSP2 rehabilitation standards. In addition, new construction and gut rehabilitation activities will be required to meet or exceed the Energy Star for New Homes standards, and moderate rehabilitation or retrofits will be required to include the purchase of only Energy Start products and appliances.

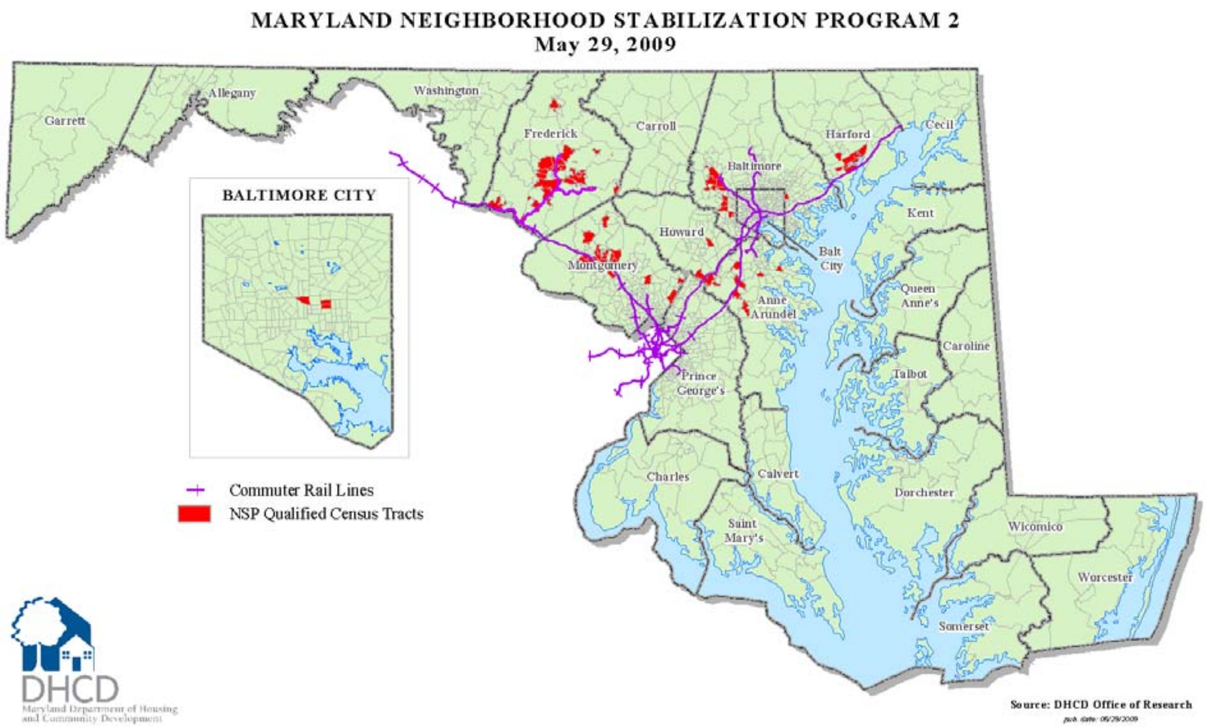
In September of last year, Maryland and a consortium of ten northeastern states launched the Regional Greenhouse Gas Initiative (RGGI), the United States first green house gas "cap and trade" system which has already raised more than $350 million in funding for member states. Maryland's share of funding is being deployed through the Maryland Energy Administration's EmPOWER Maryland Initiative on strategic activities that generate clean energy, reduce energy consumption and provide rate relief. This initiative aims to reduce energy consumption in the State by 15 percent by 2015, making Maryland a national leader in this area (www.energy.state.md.us).

As part of Empower Maryland's Clean Communities Initiative, local governments and non-profits have pledged to provide energy checkups to an estimated 26,000 low and moderate income households; retrofit an additional 900 homes (over 500 of which will be low/moderate income), which is estimated to reduce electric bills roughly 20 percent; overhaul 74 community buildings, ranging from public schools, ice rinks, museums and government buildings; and finance solar, wind or other renewable projects and feasibility studies at communities throughout Maryland. Funding for MEA's Clean Communities Initiative is competitive rather than discretionary, and so the Maryland Consortium partners will apply for these funds in the Initiatives next round which opens later this year.

In addition, DHCD is also the State's administering agency for the more than $62 million in ARRA funding through the U.S. Department of Energy's Weatherization Assistance Program (WAP). DHCD has managed this program since its inception, operating both the regular, formula allocation program, as well as managing the special funding WAP received under ARRA. DHCD is working collaboratively with the Maryland Energy Administration and Maryland Department of Human Resources to connect unemployed or under skilled workers to new weatherization and audit training opportunities that will result in more than 150 "green jobs" in local communities.

Rating Factor 5a. Transit accessibility

Convenient and accessible mass transit is a critical factor for the State of Maryland's housing and community development planning. Housing programs that increase affordability to the essential workforce of cities and towns and that promote homeownership opportunities in close proximity to accessible public transit are becoming a more dominant part of the state's public investment portfolio. The map below shows the relationship of the census tracts in the Maryland Consortium's application in relation to commuter rail lines:



This philosophical commitment to investing recovery dollars in transit accessible housing is clearly illustrated by the proposed activities of Maryland's NSP2 Consortium members:

- **Anne Arundel County's** target census tract is within a few miles of the Odenton MARC Train Station, which provides commuter train service to Baltimore and Washington, DC. Transit/bus service is provided through Corridor Transportation Services on a daily basis and provides service to Arundel Mills and Odenton MARC, where residents can connect to other employment centers.

- **Baltimore County** proposes to assist census tracts that are each served by local bus service that offers continuous transportation throughout the county. Bus service can be used to connect to light rail and commuter trains for transit to employment centers, including Baltimore and Washington, DC.

- **Frederick County's** proposed activities target homes within six blocks of the county transit bus stops. Many stops are within the 13 targeted census tract areas.

- **Harford County** proposes to conduct their activities in census tracts that have ready access to the local Harford County public bus service. During the work week Harford County buses operate a continuous loop through the proposed NSP2 census tracts from 6:30 a.m. to 6:30 p.m. Buses may be used to link with the MTA's commuter and MARC train services to Baltimore and Washington, D.C.

- **Howard County's** Howard Transit provides local bus service in the proposed census tracts and commuter bus service to the MARC train stations and MTA stations for connecting service to metropolitan Washington DC and Baltimore.

- **Montgomery County** recently built the Germantown Transit Center that will serve as the main hub for Montgomery County's bus system. The Transit Center offers a 175-space Park and Ride lot and is located in close proximity to the Maryland Area Regional Commuter (MARC) rail system, providing access northbound into Frederick County through to Martinsburg, West Virginia and southbound to Gaithersburg, Rockville, Kensington, Silver Spring ending at Union Station in Washington, DC.

- **TRF DP in Baltimore City** proposes activities in three census tracts that are served by six major bus routes, with over 58 specific public transit stops. There are 3 rail systems that serve these census tracts and all homes are within ¾ of a mile from at least one rail station. All three tract are within one mile of over 50,000 jobs located at the heart of Baltimore's Waterfront entertainment and business districts, less than ½ mile from 8,000 jobs at John's Hopkins Medical Center, and 1 mile from approximately 15,000 jobs at Johns Hopkins University.

Rating Factor 5b. Green building standards

The State of Maryland promotes high performance green building standards in all of its housing and community development activities by encouraging all of its partners, borrowers, and grantees to incorporate energy conservation and efficiency practices (e.g. Energy Star standards) into any new construction or rehabilitation projects. This is done by providing additional incentives or points in its competitive processes for affordable housing programs, including those with federal funding such as HOME and LIHTC and/or State resources. DHCD also administers the U.S. DOE Weatherization Assistance Program (WAP) which helps eligible low-income households lower their energy costs by increase the energy efficiency of their homes, while ensuring their health and safety. Priority is given to homeownership who are elderly, disabled, and families with children and/or who have the highest energy consumption. Eligible renters may also apply. DHCD works with the Maryland Energy Administration (MEA) who administers the U.S. DOE State Energy Program and Energy Efficiency and Conservation Block Grant. MEA provide resources to DHCD to promote energy efficiency and high performance green building in multifamily rental housing projects with these funds. In addition, as the State's building code administrator, DHCD has already adopted the 2006 International Energy Conservation CODE (IECC) and will be adopting the latest 2009 IECC by January, 2010; following which all Maryland jurisdictions will adopt and enforce the 2009 IECC within their jurisdictions. This puts Maryland out front and well ahead in meeting compliance requirements set by the federal government.

Six of the seven consortium partners propose activities involving the acquisition and redevelopment or rehabilitation of foreclosed properties. Each of these entities has incorporated, at a minimum, energy efficiency/weatherization activities into their rehabilitation standards and will incorporate these standards to NSP 2 funded properties. The activities proposed in this application will comply with the required NSP2 rehabilitation standards. In addition, new construction and gut rehabilitation activities will be required to meet or exceed Energy Star for new homes standards, and moderate rehabilitation or retrofits will be required to include the purchase of only Energy Star products and appliances.

Three of the partners- Frederick and Howard Counties, and TRF Development Partners are already in compliance with the Energy Star for New Homes standards with regard to the installation of appliances. Two of the partners have developed sustainable development designs and building practices and will apply these standards to their NSP2 projects.

For instance, Howard County will incorporate greening techniques that include: durable insulated, low-e glazed thermal windows, Energy Star-rated roofs, purchase the majority of construction material from sources within a 500 mile area of the site, only use products and adhesives with low volatile organic compounds, install low flow plumbing fixtures, and landscape with plant materials that are indigenous to the area and drought resistant.

TRF DP complies with all of the Sustainable Design Standards that are applicable to their developments. TRF DP complies will all Energy Efficient Materials standards with the exception of green roofing, and TRF DP complies with all of the Healthy Homes standards with the exception of installing whole house vacuums.

Rating Factor 5c. Reuse of cleared sites

Only one of the consortium partners - TRF DP - will demolish blighted and decaying properties. TRF DP intends to reuse 100% of 30 demolished sites for residential purposes. Depending on the market absorption rate a small portion of the sites may not be redeveloped within the 36 month NSP2 time frame.

Rating Factor 5d. Deconstruction

TRF DP practices sustainable deconstruction methods and intends to reuse and recycle building materials. Prior to demolishing any structures, TRF DP identifies the following components for reuse in their rehabilitated homes: bricks, exterior trim, cornices and other façade elements, marble steps and landings, ornate window glass and trim work.

Rating Factor 5e. Sustainable Development Practices:

Governor O'Malley has renewed Maryland's commitment to Smart Growth through a range of nationally significant "Smart, Green and Growing" initiatives which are summarized at www.greenmaryland.gov As Governor O'Malley stated in his keynote speech to the Good Jobs, Green Jobs national conference in Washington, D.C. on February 6 of this year, "Smart Green and Growing is designed to help awaken in the consciousness in our State, in our neighbors, our citizens, a renewed sense that we can choose through our own action in the hear and now to build a more sustainable future that all of us would prefer for our kids and our grandkids."

Governor O'Malley and State agencies are strongly committed to sustainable development practices. DHCD recently launched Maryland's new Smart Sites initiative which is promoting sustainable development practices statewide. DHCD will work with its Consortium Partners to educate about sustainable development standards that are part of the Smart Sites initiative and to assure that sustainable development practices are utilized as part of the implementation of revitalization strategies and use of NSP funding.

In addition, last fall DHCD took the lead in convening State agency partners to launch the Maryland Sustainable Communities Initiative. The initiative pooled agency funding to create planning grants aimed at helping lower income communities develop comprehensive plans that emphasize sustainable development practices. The planning grants are helping thirteen communities hire professional planning assistance so that their community's comprehensive plans are geared toward achieving a sustainable future through the balancing of economic, environmental, and social needs and opportunities.

These are just a few of Maryland's many "Smart, Green, and Growing" initiatives and are being mentioned to illustrate DHCD's and Maryland's extremely strong commitment to the ethic and practical application of sustainable development practices. These practices will be applied to investment in the NSP2 target neighborhoods.

FACTOR 6 – NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY

(1) We certify that the proposed NSP activities of the Maryland Consortium are consistent with Maryland's multi-jurisdictional BRAC Plan. All members of the Consortium are central participants in the State's BRAC Plan. The BRAC Plan may be found at www.brac.maryland.gov

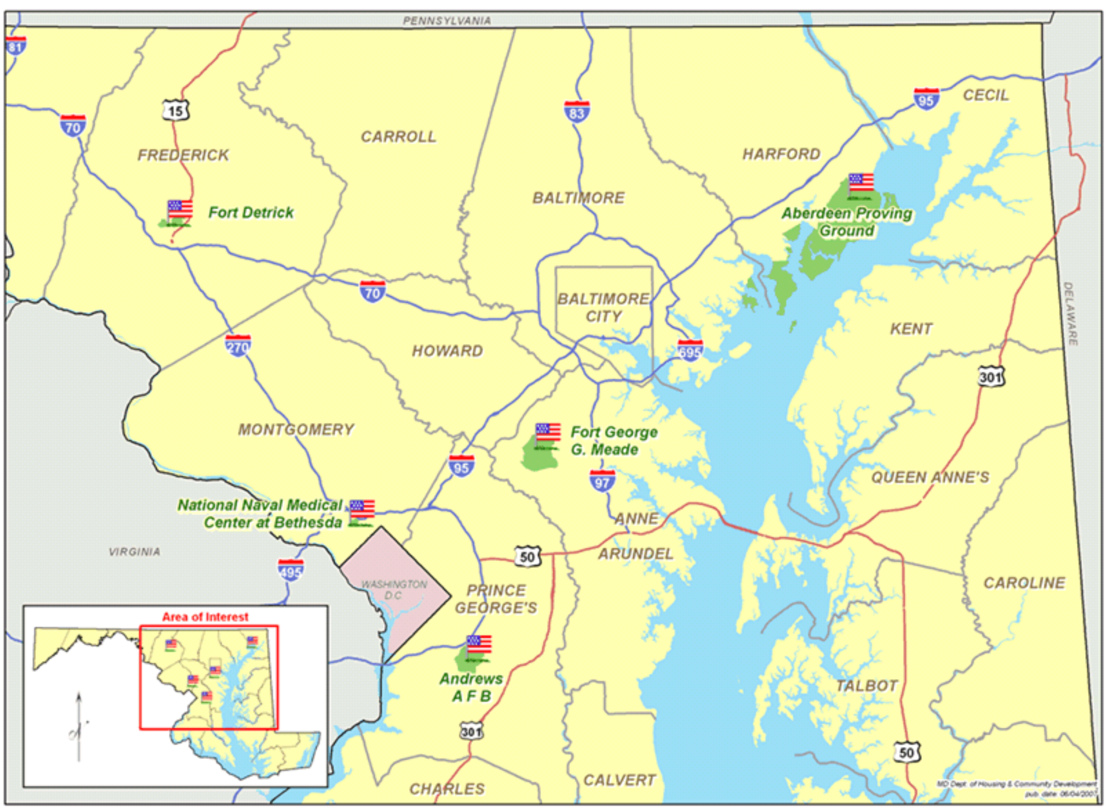
(2) The 2005 Federal Base Realignment and Closure process reconfigured a range of defense-related activities that will bring thousands of new jobs to Maryland over the next three years. Roughly 20,000 direct jobs are expected by 2011. Congress and the Department of Defense have allocated billions of dollars to construct new and expanded facilities on five bases in Maryland to accommodate relocated military functions. Additionally, the direct BRAC jobs are anticipated to generate even more indirect jobs with a total anticipated job growth over the next five to ten years ranging from 40,000 to 60,000 jobs.

The Maryland jurisdictions most heavily impacted by the opportunities and challenges associated with BRAC are those in the Maryland Consortium. Anne Arundel and Howard Counties can benefit most from the expansion of Fort Mead; Frederick County will benefit most from the expansion of Fort Detrick; Baltimore City, and Baltimore and Harford Counties will benefit most from the expansion of the Aberdeen Proving Grounds; and, Montgomery County from the expansion of the Bethesda Naval Hospital (and closing of Walter Reed).

Housing capacity and opportunity are central concerns to the successful integration of households close to military installations and related job centers, thus better ensuring the mission integrity of the relocated defense-related agencies. In Maryland, the Department of Planning's BRAC-related research (www.mdp.state.md.us) shows that the new jobs will spur approximately 25,000 new households in Maryland; 11,000 of these households will be of low- and moderate-income. The private market will not be able to meet the needs of these households for affordable housing choices.

A recent report by the Sage Policy Group on the demographic impact of activities at one of the five bases. Aberdeen Proving Grounds, where 8,800 direct BRAC jobs are expected, finds that there will be housing shortfalls by 2012 in Harford County where the base is located, with similar challenges in surrounding counties. A draft a forthcoming report by Sage has found that Anne Arundel and Howard County, which surround Ft. Meade where another 5,800 direct BRAC jobs are expected, will not have enough housing to accommodate the positions there. These trends will cause a spatial mismatch between military positions, other indirect jobs generated and the homes that households of modest means can not just afford but also find.

At the same time, foreclosures in the target neighborhoods in these jurisdictions provide new opportunities for encouraging affordable housing. But, public support is needed in order to incentivize the choice of these neighborhoods by households. NSP2 funding is a critical component to making the established BRAC plan effective by providing more housing opportunities to workers of modest means so that they can live near where they work as well as near transit to related job centers.



APPENDICIES

PUBLIC COMMENTS

DHCD received 2 oral comments, and 1 set of written comments from a group of advocacy organizations on its NSP2 proposal.

Oral Comments:

One oral comment was from a local jurisdiction expressing concern that they where not selected as a partner agency in the Consortium application. This local jurisdiction was not selected as it was not part of the State's Neighborhood Conservation Initiative under NSP1. The other oral comments where received from the ACLU regarding targeting of NSP2 funding to certain neighborhoods, the need to provide more rental housing, and how we chose our partners. That organization was also signed on to a letter from the advocacy groups where the comments where repeated, so we discuss them in more detail below:

Written Comments:

Written comments were received from the Baltimore Regional Housing Campaign which includes the Citizen's Planning & Housing Association, Baltimore Regional Initiative Developing Genuine Equality, Greater Baltimore Urban League, Innovative Housing Institute, Poverty & Race Research Action Council, ACLU of Maryland, and Metropolitan Baltimore Quadel.

Comment: Citizen Participation - The basic thrust of these comments where that as noted in the citizen participation discussion, DHCD had met with the members of the Campaign before developing its NSP2 plan regarding providing affordable rental housing in "high opportunity areas". These where areas with relatively few foreclosures as well as economic and educational opportunities where DHCD could finance housing for extremely low-income households to provide them opportunities for achieving self sufficiency. DHCD expressed an interest in pursuing this approach, however it was not adopted as part of the NSP2 application.

Response: DHCD was and is interested in the approach provided by the Baltimore Campaign regarding funding housing in "high opportunity areas". Unfortunately, the NSP2 application required funding to be even more targeted to areas of extremely high foreclosure (18 of 20 on HUD's foreclosure scale). This was a threshold requirement for any application. Because of the HUD threshold requirements, we are not able to propose undertaking any activities in high opportunity areas since none of them qualify under HUD criteria.

Comment: The NSP2 application is not strong enough on affirmatively furthering fair housing by providing housing for low-income renters and does not adequately address affirmative marketing.

Response: DHCD has revised the application to request more funding for low-income rental housing, and has strengthened the language regarding affirmative marketing and furthering fair housing.

Comments: The NSP2 application should provide more rental housing opportunities (more of a balance between homeownership and rental housing) and strengthen multi-regional planning.

Response: The NSP2 application has been revised to request more funding for rental housing and the language on regional planning has been strengthened.

Comment: The State should commit rental housing funds towards NSP2 rental projects as part of its leveraging

Response: DHCD can not commit rental housing funds toward NSP2 leveraging since these funds are only given out by competition.

Comments: DHCD should undertake mixed income projects with NSP2 funding, and should partner with Quadel that has a subsidiary that manages Vouchers.

Response: In regarding to adding the Quadel corporation to the State Consortium application, DHCD decided not to do this (despite the good work the corporation does) due in part to ethical concerns about guiding funding direct to a for profit rather than having an open competition for NSP funding.

DEFINITIONS

Blighted Structure: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare as defined by local code.

Abandoned: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Foreclosed: A property has been foreclosed upon at the point that, under state or local law, the mortgage or tax foreclosure is complete. The title must have been transferred from a former owner under a foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state law.

Affordable rents: Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

AFFORDABILITY PERIODS

Minimum Affordability Periods	
Investment per Unit	**Minimum Length of the Affordability Period**
Less than $15,000	5 years
$15,000 - $40,000	10 years
More than $40,000	15 years
New construction of rental housing	20 years

The minimum affordability restriction the State and its partners will meet using NSP funds will be the same for the HOME program. The State will use the longer, more restrictive standards when NSP funds are combined with funds with longer affordability standards such as Federal Low-Income Housing Tax Credits (30 years for rental housing). Partners are allowed to use longer time periods if they so desire.

DHCD will ensure continued affordability by requiring that all loans, grants, or deferred loans be secured by a lien or Deed-of-Trust in cases of homeownership and by deed restrictions for rental projects. The nature of equity at resale, continued affordability, and future income to the State's NSP program must be addressed and approved by DHCD. Long term affordability monitoring will be undertaken by CDBG program staff

Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

Rehabilitation Standards

At a minimum, any rehabilitation done using NSP funds will meet current HOME rehabilitation standards which require houses to meet the livability standards and code for the county or city where activity is taking place. Additionally, all the Consortium Partners must comply with federal and state Lead Paint regulations and conduct a termite inspection for each house.

HUD requires applicants to indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

The Maryland Consortium has supplied information and estimates as to how they could use NSP funding. The proposed activities in the application will impact 375 housing units. It is projected that:

1) 151 vacant housing units to be acquired, rehabilitated and resold or used for rentals
2) 30 substandard, vacant housing units to be demolished and redeveloped
4) 194 households will receive financial assistance to acquire vacant units

Assumptions could be made that at least 70% or 375 of the units were previously used or available to low and moderate income persons (under 80% of area median income). By the nature of NSP, conversion will occur for the majority of these units as the income limits have been raised to 120% of area median income for qualifying households.

The projects include demolition of 30 vacant, substandard housing units. The majority of these units have been vacant for years and have been deemed unoccupiable. The replacement housing will be available to households whose income does not exceed 120% of the area median income. Their goal is to create mixed income neighborhoods.

If funded in its entirety, it is anticipated that 375 housing units would be impacted and made available to low, moderate and middle income persons. Using the NSP2 DRGR activities, the break out is as follows, however, it is available in more detail in Rating Factor 3-b:

1- Financial Mechanisms – 194 units – LMMI
Start Date: January 1, 2010
End Date: January 1, 2013

2- Acquisition and Rehabilitation – Resale – 91 units - LMMI
Start Date: January 1, 2010
End Date: January 1, 2013

3 – Acquisition and Rehabilitation – Rental – 60 units – LMMI
Start Date: January 1, 2010
End Date: January 1, 2013

4 – Demolition and Clearance – 30 units - LMMI
Start Date: January 1, 2010

End Date: January 1, 2013

5 – Redevelopment – 30 units – LMMI
Start Date: January 1, 2010
End Date: January 1, 2013

Of the 375 housing units, a minimum of 35 of the resulting units will be made available for households whose income does not exceed 50% of the area median income. It is anticipated that this number will increase.

FORMS

SF-424
HUD-2880 (HUD Disclosure Report)

CODE OF CONDUCT

CONSORTIUM AGREEMENT

CERTIFICATIONS

LEVERAGING DOCUMENTATION

NEWSPAPER ARTICLES IN LIEU OF REFERENCES